

Niceties Aside, Another Ambiguous U.S.-Japan Trade Pact

By Steven Brull

International Herald Tribune

TOKYO — The new U.S.-Japan trade agreement, hailed in Washington as a conceptual breakthrough, was seen here as another in a long line of ambiguous political compromises that will do little to open Japanese markets.

While the U.S. trade representative, Mickey Kantor, said the partial accord in the so-called framework talks would "produce real, tangible change and bring concrete results," Japanese negotiators stressed that Tokyo had made no commitments to numerical targets or market outcomes.

[The conclusion of the trade summit had little effect on the U.S. dollar, with the currency making modest gains in the first trading session of the week, Reuters reported from Wellington, New Zealand.

[The dollar was slightly firmer against both the Japanese yen and Deutsche mark in New Zealand, the

first foreign exchange market in the world to open Monday.]

In private, several Tokyo-based executives of American companies, whose leaders had praised the deal in Washington, said that while the U.S. negotiators had made a valiant effort, they were simply worn down by more numerous and tenacious Japanese officials.

As a result, President Bill Clinton, pressured by the upcoming elections and anxious for a foreign policy victory in Asia, dropped the original demand for numerical targets.

Instead, a collection of nonbinding objective criteria will be used to assess improvements in market access, although these measurements do not represent targets or presuppose particular outcomes. Thus, after 15 months of negotiations, Washington and Tokyo have only fleshed out a mechanism for assessing market improvement, with no judgment to be made until next year.

Further, should foreign penetration of Japanese markets not significantly increase, the United States has no means to enforce the agreement, except for its own unilateral trade law. The so-called 301 trade provisions of U.S. law are despised by many of America's trading partners, especially in Asia.

But the U.S. effort to advance from a decades-long pattern of agreements that focused on procedures but achieved few results in favor of a "results-oriented" deal that would translate into tangible improvements in sales and market shares has made little progress.

"There are enough loopholes so the Japanese can interpret this one way and the Americans the other," a U.S. executive said. "There's nothing concrete. We're going to be in a position of saying, 'We all hope for progress.'"

After a 20-hour marathon session that capped months of arduous negotiations, the United States and Japan agreed on Saturday to open Japanese

markets in three sectors: government procurement of telecommunications and medical equipment, insurance and flat glass.

Details were not disclosed, but a variety of objective criteria were agreed upon. These ranged from trends in sales, to market share in the government sector, to the length of time needed to get government approval for new insurance products.

The United States also accepted the Japanese demand to include a variety of criteria to assess foreign "efforts" to penetrate the market. One U.S. executive derided these as "squirrel-on-a-treadmill measures that exhaust U.S. companies in futile efforts."

Significantly, no agreement was reached in the area of autos and auto parts, a sector that comprises 59 percent of Tokyo's \$60 billion annual trade surplus with the United States. As a result, Washington

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IMF Dispute Forces Delay In Funds for Poor Nations

Furious at Agency Head, Germany and U.S. Halt Frenchman's Aid Effort

By Alan Friedman

International Herald Tribune

MADRID — A bitter dispute over financial aid for developing countries broke into the open Sunday, threatening to damage the career of the official who heads the International Monetary Fund and dealing a political setback to France.

The United States and most other Group of Seven industrial countries were furious Sunday with Michel Camdessus, the IMF chief, whom they accused of trying to force them to approve billions of dollars more financial aid for developing countries than they were willing to accept.

Both U.S. and European officials complained that Mr. Camdessus, a civil servant, had become a partisan campaigner on behalf of developing countries, which they said was not supposed to be the role of the managing director of a multilateral institution.

The controversy developed after the G-7 rejected an unwarranted and inflationary Mr. Camdessus' proposal to create more than \$50 billion worth of Special Drawing Rights. The SDR is an artificial IMF reserve currency that central banks can cash in for dollars and other currencies.

This was followed by more than eight hours of heated argument inside the IMF's decision-making committee of 24 ministers, who represent the organization's 179 member nations.

Late Sunday night, a group of developing countries blocked any SDR allocation at all rather than accept the G-7's final offer, a U.S.-British compromise that would have allowed the IMF to create \$23.4 billion worth of SDRs.

The developing countries, emboldened by Mr. Camdessus' strong support for them and his opposition to the G-7 offer, also held hostage the extension of special IMF credits for Eastern Europe.

Decisions on both the SDR and Eastern Europe credits were effectively postponed until next year, although a minor technical change was agreed to that would allow a slightly enhanced borrowing facility for some countries.

Except for France, other G-7 governments had agreed that with the growth of global capital markets the developing countries no longer needed to rely on a big expansion of the IMF's currency, which in any case has never lived up to its expectations as an international reserve.

Until Saturday night, France had stood. See IMF, Page 5

U.S. to Send Military Police To Disarm Haiti Opponents

Some Combat Troops to Be Withdrawn

Compiled by Our Staff From Dispatches

PORT-AU-PRINCE, Haiti — American soldiers trying to stop outbreaks of violence increased patrols in the Haitian capital on Sunday as officials said some combat troops would be withdrawn and replaced by military policemen.

The steps came after officials said that the Clinton administration had decided to expand the U.S. military's role in curbing paramilitary supporters of the junta. American troops will be told to take more aggressive steps in identifying threats to security and to order the Haitian police to act against those threats and then to take action themselves if the police fail to comply.

The Pentagon said it would start to reduce the number of Marines in Haiti on Monday by withdrawing a small number and turning their duties over to military police. There are about 21,000 troops now in Haiti, up from the 15,000 originally called for in the force aimed at paving the way for the return of the deposed president, the Reverend Jean-Bertrand Aristide.

Lieutenant Colonel Roger Kaplan, a Pentagon spokesman, said 1,800 Marines would be pulled out over a period of time,

bringing the U.S. troop presence to under 20,000.

The withdrawal represents part of a plan to press the disarming of Haitians loyal to the military government, especially the paramilitary "attachés."

Colonel Kaplan said the task of quelling street violence and disarming Haitian gunmen was more suited to U.S. military police than to battle-trained soldiers.

"We have almost an entire military police brigade there, and there are steps being taken to disarm the attachés," he said. "The situation is such that there really is no good reason to have the Marines there."

Officials denied Sunday that U.S. efforts to stop the violence was leading to "mission creep," although the White House chief of staff, Leon E. Panetta, said U.S. forces would become "a little more aggressive" in disarming the Haitian paramilitary.

Deputy Defense Secretary John M. Deutch denied that U.S. troops were expanding their role in Haiti. "I think the mission has not changed one bit," he said.

But Representative Newt Gingrich, Republican of Georgia, said, "I think we are right now drifting steadily into a quick-

See HAITI, Page 3

Israel and Tunisia Agree On Step Toward Relations

By Clyde Haberman

New York Times Service

JERUSALEM — In another sign that it is shaking off its role as Middle East outcast, Israel agreed with Tunisia this weekend to exchange low-level representatives as a first step toward eventual diplomatic relations.

Technically, the step was a small one. The two countries announced on Saturday night at the United Nations that they would appoint economic liaison officers, who would work out of the Belgian embassies in Tunis and Tel Aviv.

The road to true diplomatic ties could still be long.

Nevertheless, the move underlined how far Israelis and Arabs have come toward reconciliation, especially in the 13 months since Israel agreed with the Palestine Liberation Organization on Palestinian self-rule in the occupied territories.

The economic link with Tunisia is similar to one that Israel forged last month with Morocco, although it is somewhat weaker in that the Moroccans accepted an exchange of independent offices and not merely of officials working out of a third-country embassy.

Still, an important new direction has been taken — "a first-rate achievement," Foreign Minister Shimon Peres of Israel

said Sunday — with the added fillip for some Israelis that Tunis until earlier this year was headquarters for the PLO and its chairman, Yasser Arafat.

It means that Israel now has some sort of official relations with three Arab states, all in northern Africa. The third is Egypt, the only Arab country to go so far as to sign a peace treaty with Israel.

Moreover, the new arrangement with Tunisia comes on the heels of a decision by six Gulf countries, led by Saudi Arabia, to end their blacklisting of foreign companies that trade with Israel, although their boycott of Israel itself remains intact.

"It shows that the Oslo agreement is working beyond the immediate region," a senior Israeli official said, referring to the self-rule accord with the Palestinians. "It's working. Things are really changing."

Officials here did not disguise their desire for domestic political gain. They hope they have strengthened their argument to Israelis that coming to terms with their immediate neighbors is a key to broad regional and international acceptance.

But while some officials insist that peace with neighboring Jordan and Syria is at the door, it does not seem quite ready to cross the threshold.

On Monday, Mr. Peres is scheduled to See ISRAEL, Page 5



AN ANNIVERSARY — Nina Matukhina embracing a portrait of her son Kirril, killed a year ago while he watched the storming of the Russian Parliament building. On Sunday, thousands of hard-liners — some carrying pictures of Lenin and Stalin — marched in Moscow to mark their failed uprising and to demand a return to Soviet-style rule.

Robots Film Sunken Ferry, Bow Door May Be Missing

Compiled by Our Staff From Dispatches

TURKU, Finland — Two camera-equipped robots scanned the hull of the sunken ferry Estonia on Sunday, sending back pictures of the forward section that was leaking before the tragedy.

Although investigators said they had received excellent footage of large sections of the ship, they declined to say whether parts of the ship were missing, such as the bow door, until the information was fully analyzed by investigators.

According to figures released Sunday, 139 people survived, 100 bodies had been recovered, and 810 people are missing in the sinking Wednesday off the Finnish coast in the Baltic Sea.

A Swedish maritime official has said the bow door was ripped off before the Estonia went down.

The Finnish news agency STT-FNB reported Sunday that at sonar pictures showed a large object that had broken loose from the ship and was lying 10 to 20 meters from

the bow. It said it was possible that it was the outer bow door but that experts would not confirm this.

Memorial services for the dead were held Sunday in Sweden, Estonia and Finland. All three countries were stunned by the disaster.

Many Swedes wept openly in church, comforting relatives and friends of victims of Sweden's worst disaster for several hundred years as the national flag flew at half-staff around the country.

In the town of Jonkoping, in southern Sweden, worshippers sang the hymn "Nearer My God to Thee," which was sung by passengers on the liner Titanic as it went down in April 1912 at a cost of 1,503 lives.

President Martti Ahtisaari of Finland attended a memorial service in Helsinki, while church services were held across Es-

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Insider's Memoirs Portray Mao as Decadent and 'Merciless Tyrant'

By Richard Bernstein

New York Times Service

NEW YORK — Mao Zedong, China's "Great Helmsman" whose brilliance, the official doctrine insists, led a vast nation to restored greatness, was actually an irritable, manipulative egotist incapable of human feeling who surrounded himself with sycophants and refused even to be treated for a sexually transmitted disease, though he knew he was spreading it to the numerous young women who shared his bed.

Those are among the elements of an extraordinarily intimate portrait of Mao drawn by Dr. Li Zhisui, who was his private physician from 1955 until Mao's death in 1976 at the age of 82.

Mr. Li, who has lived in the United States since 1985, has written "The Private Life of Chairman

Mao," a 663-page memoir of the imperial court of Mao that, in absolute contrast with the official image, portrays it as a place of boundless decadence, licentiousness, selfishness, relentless toadying and cut-throat political intrigue.

Excerpts from the book, which will be published soon by Random House, will appear in this week's issue of U.S. News & World Report.

"In outer appearance, Mao was very easygoing, easy to contact," Mr. Li said in an interview at his home in suburban Chicago. "But when you stayed longer with him, you found that he was a merciless tyrant who crushed anybody who disobeyed him."

Mr. Li's memoir contains very little in the way of major revelations about the political or diplomatic history of the Maoist epoch.

But even in focusing on the private side of Mao, it contains numerous new details about the nature of Mao's rule, including his associations with other major figures.

Jiang Qing, Mao's third wife and later the head of the radical faction known as the Gang of Four, is portrayed as a flatterer and a hypochondriac who, by the time Mr. Li arrived on the scene, no longer had conjugal relations with Mao. Other major figures of the time are seen as reliably sycophantic toward Mao. Those very few who were not were purged as a result.

"Mao was a man who had no friends," Mr. Li said. "He saw everybody as a subject, a slave. The mistake of those who got purged was to see themselves as equal to him. He wanted everybody to be subservient."

"Zhou Enlai was really a slave of Mao," Mr. Li said, speaking of the Chinese prime minister, whose reputation in the West was for sophistication and finesse. "He was absolutely obedient. Whenever I saw him with Mao he acted like a servant with his master."

"A lot of people think that Zhou protected people, that he was such a good man. But actually everything he did he did under Mao's orders. Mao was on the sedan chair and Zhou was one of his bearers."

Mr. Li, 74, comes from Beijing but studied medicine during World War II at the West Union University Medical School in Sichuan Province in south-central China. The school was founded by American mission-

See MAO, Page 5

Kiosk Bosnian Serbs Halt UN Convoys

SARAJEVO, Bosnia-Herzegovina (Reuters) — Bosnian Serbs reneged Sunday on a pledge to unblock UN relief convoys. Serbian forces obstructed seven convoys a day after Serbian political leaders agreed to lift a blockade imposed following a punitive air strike by the North Atlantic Treaty Organization on a Serbian position on Sept. 22.

"There was an undertaking yesterday and we expected these convoys would be on the road today," said Claire Grimes of the UN relief forces. Related article, Page 5

Books Page 7

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Andorra.....\$2.00 FF	Luxembourg 60 L.	Fr
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Italy.....2,000 Lire	Turkey.....T.L. 35,000	
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Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10	

Armani on Fashion Inquiry: 'Impossible to Be Honest'

By Suzy Menkes

International Herald Tribune

MILAN — In a gesture of solidarity with the Italian fashion industry, Giorgio Armani made a rare public appearance Sunday, at a rival show. The Milan season has opened in the shadow of a financial scandal in which seven fashion companies, including Mr. Armani's, are implicated. An industry used to parading upscale wares now finds itself laundering dirty linen in public.

Mr. Armani appeared at the Dolce & Gabbana show. And in an interview at his Milan palazzo, Mr. Armani spoke of the shock of appearing last month before Antonio Di Pietro, Milan's best-known anti-corruption investigator, and his disgust with the corrupt system that has led to the "clean hands" campaign.

"I have nothing to reproach myself with — I am an honest man and I try to make nice clean suits; I never got involved with politics," he said. "But I feel I would like to get out of Italy — not really, because I love my country too much. But I hope to have at least 20 more years ahead of me, and Italy has become a country where it is impossible to be honest."

Mr. Armani, 60, is one of five designers sum-

moned for Mr. Di Pietro's inquiry into the kickbacks designers say they were obliged to pay to government tax inspectors. Evidence has also been given by Gianfranco Ferré, Mariuccia Mandelli of Krizia; Gigi Monti, the chairman of Basile, which went into liquidation in 1993; and Santu Versace, the brother and manager of Gianni Versace.

The jeweler Gianmario Buccellati and two fabric companies — Girolamo (Gimmo) Euro and Fabio Belotti of B&B of Milan are also implicated. Mr. Euro was put under house arrest last week but released Saturday in time for the spring-summer showing.

"It is a bit of a mess, but Di Pietro is just doing his job," said Mr. Euro's son, Kean, about the timing, just as the Milan fashion season opens.

All interrogations apparently concern the fiscal year of 1990, when the tax police allegedly demanded payment for a favorable audit or for turning a blind eye to fraudulent bookkeeping. Mr. Armani's lawyer said he had given in to demands for a payoff, and Italian newspapers have put the amount at 100 million lire (about \$65,000).

"Everyone knew that it was like that," he said.

"And if 100 people are questioned, there were thousands who did it. Things in Italy are done like that, with human contact rather than precise rules."

Privately, he has said that the summons was both a "liberation" of a burden of guilt and the worst day he has endured since the death of his former partner, Sergio Galeotti, in 1985. He said he was mortified that his mother, who is proud of him as "emperor of fashion," should see him summoned to court.

Five members of the tax police have been arrested, suggesting that Mr. Di Pietro is concerned more with possible extortion than irregularities in accounting by the designers. Fifteen other fashion houses are expected to be summoned.

"We are being judged for something that is not finished yet," Mr. Ferré said Saturday as he attended a retrospective exhibition of the fashion house Missoni. "Di Pietro is very quick and clear. I stayed just 15 minutes and explained what had happened. But the real meaning of this story is about the tax force, which worked over the regular people."

Aldo Pinto, Ms. Mandelli's husband and Kri-

zia's president, accused the press of "playing up" the scandal, which was "the same thing they did to Mr. Berlusconi." He was referring to inquiries into the Fininvest corporation of Prime Minister Silvio Berlusconi. "It is about the abuse of power and intimidation by these super inspectors."

Gianni Cigna, the chairman of Laura Biagiotti, said the inquiries in the fashion industry were exactly like those in any other industry.

"Don't shoot down Italian fashion," he said, and expressed rage at comments in the newspaper Corriere della Sera, in which a magazine publisher contended that the fashion industry was known to be used for laundering money.

Giancarlo Giannetti, the president of Valentino, welcomed the "clean hands" campaign.

"If a new morality comes out of this earthquake, in the end it will be good," he said. "Psychologically the timing is bad for the fashion industry. But this scandal has been going on for years and we have seen the most important enterprises under investigation."

"It was the same laws and the same consequences for all companies. At the end of this cycle, when new laws are established, it will be good — if the government is able to govern."

WORLD BRIEFS

Damage Control Widens in Spy Case

NEW YORK (Reuters) — Aldrich H. Ames, the CIA turncoat, may have compromised hundreds of spy cases, not only the 36 previously estimated, the CIA director, R. James Woolsey Jr., said in a Newsweek magazine interview released Sunday.

Mr. Woolsey also said a key element in the investigation of Mr. Ames involved questioning all the smokers at CIA headquarters because Mr. Ames smoked and spent time outside the smoke-free building talking to other agents. "Ames would stand outside with fellow smokers and try to elicit things from them," he said. "One of the things you've got to do is talk to the smokers. It's a very painstaking operation."

Mr. Ames, who worked in the CIA's counterintelligence unit, spied for the Soviet Union and then Russia for eight years starting in 1985 and was paid more than \$2 million. He was sentenced to life in prison in April.

In U.K., Labor Meets to Chart Future

LONDON (Reuters) — Britain's opposition Labor Party gathered Sunday for its annual conference to endorse major changes in the party's philosophy and to crown its telegenic new leader, Tony Blair, as prime minister-in-waiting.

Mr. Blair, riding a wave of popularity, seemed assured of a harmonious week in the northwestern English resort of Blackpool after trade union leaders withdrew a demand that Labor put a figure on its commitment to a national minimum wage.

Left-wingers have been uneasy over the speed with which Mr. Blair has discarded much of Labor's ideological baggage since he succeeded John Smith in July, and the conference could still witness an argument over the contentious issue of women-only shortlists for parliamentary seats. But with Labor desperate to regain power after 15 years, the priority will be to avoid rifts that could give the ruling Conservatives a chance to narrow Labor's massive opinion-poll lead.

Hamas Activist Abducted in Algeria

TUNIS (Reuters) — Gunmen have kidnapped an activist in Algeria's moderate Muslim movement Hamas, the Algerian press agency APS reported Sunday.

Boulali Koudiri Habbaz, a mayor elected under the Hamas banner, was kidnapped in Harichou village, about 170 kilometers (105 miles) southwest of Algiers, by a "terrorist group" in a car. APS said, quoting an official statement.

A week earlier, Matoub Lounes, a singer who is a member of the Berber minority, was kidnapped at a café in Tizi-Ouzou, 90 kilometers east of Algiers, and on Thursday suspected Muslim fundamentalists in Oran shot and killed Cheb Hasni, also a Berber, and one of Algeria's most popular singers.

Somali Factions Battle in Capital

MOGADISHU, Somalia (Reuters) — A shell blast wounded at least four Somalis and damaged a United Nations vehicle as rival Somali groups battled with heavy weapons for a second day in Mogadishu, a UN spokesman said on Sunday. There were no UN casualties.

The spokesman also gave more details of an incident on Thursday in which an Indian UN soldier and seven Somalis were killed. He said 27 Somali vehicles and their escort of six UN vehicles were fired on by Somali gunmen in south Mogadishu, the capital. The Indian troops returned fire, killing seven Somalis, including an 8-year-old boy. Sixteen Somalis, including seven children, were injured.

In New York, the UN Security Council on Friday renewed for one month the mandate of UN troops in Somalia. The United States strongly opposed the move.

Indonesia Fires Blamed in Collisions

JAKARTA (Reuters) — Two ship accidents in the seas between Indonesia and Singapore have left two crew members missing and focused attention on a dangerous haze from Indonesian forest fires, blamed for at least one of the accidents.

Thick smoke from huge forest fires blanketing Indonesia's half of Borneo Island caused a collision Thursday between the 1,700-ton KM Situng and two tugboats moored to a pontoon, the official Antara press agency reported Sunday.

Police in India Fire on Protesters

LUCKNOW, India (Reuters) — Ten people were killed and 10 seriously wounded Sunday when Indian policemen opened fire on protesters heading to a New Delhi rally, a protest leader said.

"We have seen 10 bodies ourselves," Satish Joshi, a leader of the protesters said after police officers fired on the crowd at Muzaffarnagar, about 60 miles (100 kilometers) from Delhi. The protesters were demanding a separate Himalayan hill province they want to call Uttarakhanda.

TRAVEL UPDATE

Eurotunnel to Begin Limited Service

FOLKESTONE, England (Reuters) — Eurotunnel on Monday begins the final preparations for the much-delayed day when fare-paying passengers will use its \$16.6 billion Channel Tunnel link between Britain and France.

A year behind schedule, the group will launch what it calls its "overture" service for selected groups, including shareholders and bankers. That service will run until Nov. 15. The start of a fare-paying service is expected soon afterward.

Eurotunnel hopes to carry about 60,000 people in 20,000 cars on the drive-on, drive-off train shuttle service during the overture period. The start of a fare-paying service depends on the granting of safety certificates from the watchdog Inter-Governmental Commission.

Some 12,000 Italians waited for hours in the rain Sunday for a rare chance to visit the Quirinal Palace, the hilltop residence of popes, kings and presidents. The 16th-century palace has only rarely been open to the public, but tours will now be given for three hours every Sunday morning.

Buckingham Palace closed its doors to visitors on Sunday after an eight-week tourist season that netted Queen Elizabeth II more than \$4 million. Proceeds go to help to repair fire damage at Windsor Castle, the royal residence west of London. The palace will reopen to visitors next year.

Vietnam Airlines is to begin its first direct flights to Japan at the beginning of November with three flights a week from Ho Chi Minh City to Osaka, an airline official said.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Germany, Honduras, Korea, Lesotho.

TUESDAY: Lesotho.

WEDNESDAY: Monaco, Portugal.

THURSDAY: Australia, Egypt, Kazakhstan, Syria.

Sources: J.P. Morgan, Reuters.

A Warning as Germany Fetes Avoid Turn Down 'Special Path,' Herzog Says

Reuters

BREMEN, Germany — President Rman Herzog warned Germans to avoid creating the impression of diminishing Europe as the country marked the fourth anniversary of reunification with street fairs and parades on Sunday.

"Whenever I travel abroad or I receive foreign visitors here, I sense Germany's increased responsibility," Mr. Herzog said on German television. "The danger this entails, and which I to some extent feel is desired by some Eastern European states, is the impression that we want a

position of dominance in Europe."

"We must not allow that to happen, under any circumstances," he added. "We must not embark on a third path, a special path for Germany."

Germany began three days of festivities Saturday to mark the fourth anniversary of reunification with politicians lamenting that the peoples of East and West had not grown together in the years of togetherness.

The president of Parliament, Rita Süssmuth, said East and West Germans, reunited on Oct. 3, 1990, after four decades

of Cold War division, still had not developed a sense of solidarity.

"In terms of reciprocal esteem, we still have a huge amount to do," she told German radio.

The festivities for German Unity Day, on Monday, began in Bremen and Berlin with street fairs offering wine, beer and food.

On Sunday, about 2,200 representatives from the states paraded in Berlin, while Bremen hosted the German Classics international indoor riding championships.

German Rightist Loses His Party Post

Reuters

BONN — The far-right leader Franz Schönhuber, who has been stripped of his post as leader of Germany's Republican Party in an internal revolt, vowed Sunday to fight in the

courts what he called the illegal coup.

The Republicans' leadership deposed Mr. Schönhuber at a special meeting in Bonn because they said he had undermined the party's credibility by

German television said Mr. Schönhuber had vowed to fight the "illegal coup" in court.

Riven by internal wrangling, the party scored only 3.9 percent in state elections last week in their stronghold of Bavaria.



PAPAL APPEARANCE — Pope John Paul II opening a synod of bishops Sunday at the Vatican to address the lack of influence of women in the Catholic Church.

Meciar Takes Lead In Slovak Elections

Reuters

BRATISLAVA, Slovakia — Vladimir Meciar, the former prime minister, has scored a decisive election victory, according to preliminary official results on Sunday.

The Slovak statistical bureau announced that Mr. Meciar's Movement for a Democratic Slovakia had won 34.96 percent of the vote, about 10 percentage points more than pre-election opinion polls had forecast.

The Common Choice group, led by the reformed Communist Party, was second with just 10.41 percent, little more than half what earlier polls had forecast.

Turnout was 74.6 percent.

Mr. Meciar, who captured votes among industrial workers and in the countryside by opposing wholesale privatization, is bidding for a second political comeback after his government was toppled in March in a parliamentary no-confidence vote.

He was also removed in 1991.

The Slovak Parliament dumped him then, when Slovakia was still part of the Czechoslovak federation.

His party has won a guaranteed 58 seats in the 150-member Parliament, but the total will rise when final results are announced on Tuesday.

The next prime minister of Slovakia will be named only after coalition talks. Analysts say Mr. Meciar may try to pull together a coalition with nationalist fringe parties.

A coalition of parties representing the Hungarian minority received about 10.18 percent — about the size of the community's proportion of Slovakia's population — and the center-right Christian Democratic Movement was fourth with 10.08.

The Democratic Union of Prime Minister Jozef Moravcik took 8.57 percent. Mr. Moravcik has led a broad coalition, including the reformed Communists, since Mr. Meciar's government fell.

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Bahrain	(Outside of Cairo, dial 02 first.)	195	Jamaica	172-1022	020-19912	020-785-0222
Belgium C2	El Salvador	9800-102-80	Kenya	800-874-7000	020-19912	020-785-0222
Belize	Finland C2	19-00-18	Kuwait	800-MCH(800-624)	020-19912	020-785-0222
Bolivia	France C2	00-1-59	Labrador C2	080011	020-19912	020-785-0222
Brazil	Germany C2	0130-0012	Lebanon C2	0800-624	020-19912	020-785-0222
Canada C2	(Limited availability in eastern Germany.)	00-800-1211	Liechtenstein C2	085-0366	020-19912	020-785-0222
Cayman Islands	Greece C2	1-800-624-5721	Luxembourg	085-0366	020-19912	020-785-0222
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Colombia C2	Hungary C2	001-800-444-1234	Monaco C2	085-0366	020-19912	020-785-0222
Costa Rica	India C2	001-800-674-7000	Netherlands C2	085-0366	020-19912	020-785-0222
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THE AMERICAS /

Time Out: From Madding Superhighway to Monastery

By Francis X. Clines
New York Times Service

NEW YORK — What? Never to bear a Letterman Top-10 list again? Never to learn the O. J. verdict? Or see if the Carville-Matalin nuptials go piffit but produce another "gosh weren't they a wacky twosome" best-seller? Never to master E-mail or track the lost Harriman fortune? Never to accept fresh-ground pepper at the latest hyped bistrot? Or savor that better world we all hope for when Forrest Gump recedes mercifully to video replay?

"I won't miss the auto alarms," said David B. Phillipson before checking himself into a Carthusian monastery over the weekend for a life of silence and solitude.

"The alarms go off and they don't do anything," he said, making his withdrawal to a severe life of godly contemplation all the more poignant in citing a few ineffectual details of city existence.

His new world unfolds inside a granite-walled cloister hidden in 6,000 otherwise untouched acres (2,400 hectares) in the Vermont woods. Mr. Phillipson quit the Bronx to join one of the most

threadbare religious communities, the Charterhouse of the Transfiguration, a total of 22 monks so far off the scope of progress that they cannot even learn the mushrooming extent of all they have renounced.

Far from the madding superhighway, the monks have no telephones, television or visitors. They live, pray, meditate, eat and work apart from one other. Each man chops the day's wood to heat his own cell, washes his own monk's habit of unbleached wool and freshens the straw mattress on his plywood pallet. Each manages a strict spiritual regimen with prayers at midnight, dawn and all manner of inconvenient times in between.

"I'll miss the city," said Mr. Phillipson, lean and steady-eyed at 36. "You can get anything here. I was just at a Polish café and had borscht — my last borscht. I had a cappuccino the other night. Loved that for the last time. A great bottle of wine the night before, red wine — merlot, oh, yes."

He worked at Fordham University for the last 10 years in a lay minister's job, setting up social outreach programs for students and scouting the

poorest parts of the world from India to Appalachia.

"The people of the Third World have a special quality and I found myself wanting to become like them," Mr. Phillipson said. "To be on an equal footing with them because I saw value in how they embraced their own life situation."

Whatever religion's shortage of parish clergy, individuals still gravitate toward monastic withdrawal, and the city is as great and gaudy a place as ever to encourage shunning life's tenderloin.

"Maybe 10 years ago I would have said the city was godless," Mr. Phillipson said during his final hours in New York. "But I've come to love or like it a lot more. I have been able to find God here, especially among the poor and the disenfranchised."

He leaves a vast throng of them behind, of course. But a mix of factors, from a taste for wilderness austerity to years of Eastern and Christian meditation studies, impelled his retreat from the city. In recent days, Mr. Phillipson said good-bye to family and friends, finding many sad, some perplexed, all well-wishing. He gave away belongings and put away a few, his prized

possessions being a rocking chair from his grandmother and his stereo.

"I love music, everything from Gregorian chant to the Grateful Dead," he said, smiling fondly at the defining details of a life abandoned. "It's like a paradox: I feel very free. They say in a monastery personalities flourish. With such exterior uniformity there's no longer any attempt to define who you are by what's outside of you."

He can break silence only for about an hour after the monks' common Sunday lunch, and once more for a few hours on Mondays when the holy men go outside the walls to walk the woods and mountains for recreation. Three years ago, when he returned from rafting in Alaska, he recalled "missing the solitude I experienced out there, the closeness with nature and with God."

"I was thinking maybe I should bring a cassette of my favorite piece of music, Rachmaninoff's 'Evening Vespers,'" Mr. Phillipson said, explaining a moment when he was packing up and thought finally about the world's attachments and curiosities. "Time has been a concern, never feeling enough time to really experience life on its terms."

★ POLITICAL NOTES ★

Clinton Takes a Tip from the Republicans

WASHINGTON — President Bill Clinton's stock speech on the campaign trail this autumn, in ballrooms and meeting halls, always includes a long recitation of his achievements. But it omits a striking one: In 20 months, he has personally raised \$40 million in Democratic political donations, nearly half the national party's reported total.

He has done it mostly by taking a leaf from the voluminous fund-raising manual of the Republicans before him, and using the prestige and power of the White House for Democratic financial gain.

Like former Presidents George Bush and Ronald Reagan, Bill Clinton has flattered big-money donors with private White House parties and seats at state dinners and momentous events. He has freed cabinet officers, their aides and White House officials to give private briefings on business and politics to especially generous supporters.

As his party has begun to court traditionally Republican business leaders, his administration has consistently invited big-business donors on trade missions — just as his predecessors did.

And he has blanketed the Democratic tuxedo-dinner circuit with administration stars. This year alone, the president, his wife, the Gore family and top White House and cabinet officials will have appeared at nearly 300 fund-raising events.

"The time before we were in the White House and now just makes a world of difference," said Hugh Westhrook, a Methodist minister from Miami who is finance chairman of the Democratic Party's senatorial committee. "It's night and day."

It is also, chapter and verse, the sort of thing that Mr. Clinton condemned during his 1992 campaign for the White House. At that time, he wrote that American politics was being held hostage to money interests, and complained that "political action committees, industry lobbies and cliques of \$100,000 donors buy access to Congress and the White House."

The turnabout distresses those who expected Mr. Clinton to clean up what they view as a political sewer.

"The president's aggression on the fund-raising circuit continues to shock and amaze, given his pledges to change the role of money in politics," said Ellen Miller, who heads the Center for Responsive Politics, a Washington group that monitors the flow of money in national politics.

Democratic officials admit things have not changed. But they argue that Mr. Clinton had proposed legislation to control some practices, including a bar on unlimited "soft money" donations to national party treasuries, only to watch it die in a Senate filibuster. (NYT)

Quayle Touts His Foreign Policy Skills

WASHINGTON — Former Vice President Dan Quayle, readying himself for a possible run at the presidency in 1996, is trying to reinvent himself as an expert on foreign policy.

In two recent Washington speeches to foreign policy experts, Mr. Quayle has given a detailed critique of Mr. Clinton's foreign policy record, while trumpeting his own accomplishments.

"The Bush administration had perhaps, and I do not say this in a bragging way, but it had the best foreign policy team assembled certainly since the Second World War," Mr. Quayle said in a speech.

Mr. Quayle, 47, has spent the past two years in his home state of Indiana trying to rehabilitate his reputation after years as vice president, when he was the butt of countless jokes and a favorite target of late-night television hosts. (Reuters)

Senate On Time for First Time Since '48

WASHINGTON — Like magicians, Senate leaders made a slew of amendments disappear and enabled Congress and the White House to achieve something not accomplished in 46 years: getting all spending bills signed before the new fiscal year.

After more than a week of debate and behind-the-scenes negotiations, the Senate completed the last of Congress's 13 annual appropriations bills last week and shipped it to President Clinton, who promptly signed it. His signature came more than five hours before the midnight start of fiscal 1995. It marked the first time since 1948 that all of the appropriations bills became law before the start of the government's new fiscal year. (AP)

Quote/Unquote

Senator David L. Boren, Democrat of Oklahoma, after the demise of a bill he created to overhaul Congress itself: "Our approval rating is down to 14 points. Are we going to wait to do something until not a single soul in America trusts us?" (NYT)

Prospects 'Bleak,' Democrats Concede

Confident Republicans Hope To Sweep Midterm Elections

By R. W. Apple Jr.
New York Times Service

WASHINGTON — With little more than five weeks until Election Day, the Democratic Party seems to be headed for one of its worst midterm drubbings since World War II, which would present President Bill Clinton with enormous legislative problems in the last two years of his term.

It would also alter the shape of the 1996 presidential campaign.

Though most politicians remain reluctant to make firm predictions, a month of episodic campaigning since the Labor Day holiday four weeks ago has persuaded leaders in both parties that the Republicans have a genuine chance of making the net gain of seven seats that they would need to seize control of the Senate for the first time since 1986.

They have led the Senate for only 10 of the 62 years since the election of Franklin D. Roosevelt.

"It's bleak, very, very bleak," a leading Democratic campaign consultant in the Midwest said recently, and a senior White House official commented, "We're in the soup up to our neck, and it's hot."

Roger Stone, a Republican consultant, said, "It's hard not to be optimistic. I think we're riding a 1974-style tide, the kind the Democrats rode after Watergate."

So ebullient are some Republicans that they dream of pulling off a startling political trick by taking control of the Senate, which they have not controlled for 40 years, and the governorships of a half-dozen of the most populous states.

But many faces are dead heats, many more remain in doubt and the lengthy session of Congress means that many incumbents have not yet hit their stride, either on the stump or on television.

Some Democratic strategists think they can still cut their party's losses by emphasizing Republican obstruction of Mr. Clinton's proposals and by ridiculing the lack of financing de-

tails in Republican proposals put forth in a midterm platform last week.

"So far, they have made us the issue," said Robert Shrum, who is advising a number of Democratic candidates, including Senator Edward M. Kennedy of Massachusetts. "We need to put the onus back on them: their behavior, their negativity."

Republicans threaten the Democrats in a dozen Senate seats: open seats in Arizona, Maine, Michigan, Ohio, Oklahoma and Tennessee; and those now held by Senators Dianne Feinstein in California, Mr. Kennedy in Massachusetts, Frank R. Lautenberg in New Jersey, Harris Wofford in Pennsylvania, Jim Sasser in Tennessee and Charles S. Robb in Virginia.

There is little doubt that Mr. Clinton constitutes a major problem for the Democrats, with his approval rating hovering around 40 percent.

But there are other problems, many of them beyond Mr. Clinton's control or only marginally affected by his presidency.

• A nagging sense of economic discomfort, evident despite the strong business turnaround that has marked Mr. Clinton's presidency, is costing the Democrats the credit they might normally expect for good times. Real family income has been declining in the United States since 1972, according to government statistics.

• The rebellion against incumbency, which has been gaining speed for a decade and helped elect Mr. Clinton in 1992, seems to be cutting more deeply into the Democrats now because they control the House, the Senate and the presidency.

• Many more Democratic senatorial seats are up this year, which gives the Republicans that many more chances to score breakthroughs.

The president has had to scramble for most of his legislative victories in the last two years. The almost inevitable Republican gains in Congress mean that he will have to scramble harder starting in January.



Dozens of Haitians reaching for food being dropped from the roof of a supermarket as it was looted in Port-au-Prince.

HAITI: U.S. to Replace Some Combat Troops With Military Policemen

Continued from Page 1

sand of misery, and I think that this is an enormous miscalculation by the Clinton administration."

He said the administration was "now on the edge of disaster" and urged that U.S. troops be pulled out "as quickly as possible, and I mean weeks, not months, not years." The House is expected to vote this week on several resolutions, including one authorizing the U.S. military presence in Haiti until March 1.

The Clinton administration has come under criticism from Haitians for being too slow in turning the gunmen. U.S. commanders had hoped initially that the Haitian military forces under Lieutenant General Raoul Cedras would do the disarming, as General Cedras had assured them. But failing that, U.S. action against the paramilitary groups has had to await comple-

tion of other objectives considered more immediate, the officials said.

A grenade attack on a crowd of supporters of Father Aristide on Thursday and a street battle between pro- and anti-Aristide factions on Friday left at least 12 people dead and scores wounded. The bloodshed drew criticism that the U.S. operation was failing to do its job either through indifference or fear of the political fallout from U.S. fatalities.

While planning to disarm the plainclothes allies of the military regime, U.S. troops still intend to rely on Haiti's uniformed military and police forces to keep order in the streets, U.S. officials said. Such reliance is a gamble but remains a practical necessity to relieve U.S. forces of other tasks, the officials said.

Administration officials are hoping that the new focus on pushing the Haitian po-

lice to do the disarming, combined with the arrival this past week and next of international police monitors who will supervise the Haitian police, will make it unnecessary for U.S. soldiers to expand their mission to include day-to-day law enforcement.

Late Saturday, American military police removed semi-automatic weapons, machine guns, tear-gas grenades and rifles from the Admiral Kilick Naval Station in Bizoton just west of the capital. The navy base had been used as a storage depot and training center for Haitian paramilitary units.

Areas near the port were calm Sunday where American military police joined with Haitian police for the first time Saturday to stop frenzied crowds from looting food shops. (Reuters, AP, NYT, WP)

Mexico Links Drug and Labor Figures to Killing

By Sallie Hughes
Washington Post Service

MEXICO CITY — Mexican authorities have tentatively linked the leader of a powerful drug cartel and a jailed petroleum workers' union boss with the assassination of a top politician, a government official said.

An Acapulco real-estate figure implicated in the killing has

identified Juan Garcia Abrego, the Gulf of Mexico drug cartel chief, and Joaquin Hernandez Galicia, a former union boss, in statements to detectives, the source said.

The general secretary of the Institutional Revolutionary Party, José Francisco Ruiz Massieu, was killed last Wednesday on a Mexico City street. The gunman, a horse-

racing groom from Tamaulipas state, has confessed, the police said.

Mr. Ruiz would have been the majority leader in Mexico's lower house. As an intimate of President Carlos Salinas de Gortari and President-elect Ernesto Zedillo Ponce de León, he also was spearheading the governing party's internal reform and negotiations with the oppo-

sition after the Aug. 21 election.

The investigation of his death is centering on the northern border state of Tamaulipas, home of the drug cartel and site of a wide-ranging anti-drug sweep begun Sept. 20 by the attorney general's office.

The gunman, Daniel Aguilar Trevino, was seized immediately after the shooting. Government investigators identified a congressional aide, Fernando Rodriguez Gonzalez, as the man who arranged for the killing.

The link between the conspirators to kill Mr. Ruiz and the suspected planners of the assassination is a former Tamaulipas state ruling party official who worked closely with Mr. Ruiz until being charged and convicted in a big Acapulco real estate fraud case in 1992.

Abraham Rubio Canales, a state director of the party in Tamaulipas in the early 1980s and later director of a multi-million-dollar Acapulco tourism promotion fund, has been questioned by the police for more than 10 hours, the director of the Acapulco prison said.

CLINTON: A Reversal of Fortune for the Democratic Party as Midterm Elections Approach

Continued from Page 1

C. Wallace onto his base and scored a landslide re-election victory in 1972.

Today, those dreams seem like fantasies.

A recent poll reported that 8 out of 10 Perot voters say they would vote against Mr. Clinton in a two-way 1996 race. As the midterm campaign enters its final month, Democratic candidates are busy fighting off Republican efforts to link them to Clinton policies. And whatever gains Democrats had made on key issues and such value ques-

tions as family, responsibility and mainstream notions of morality have been washed away, in part by such Clinton actions as ending the ban on homosexuals in the military and in part by the stream of revelations and allegations about his personal life.

Administration officials, Democratic operatives and consultants and several independent observers all cited the 1992 campaign and what has happened to the "candidate of change" for an explanation of what some call the "implosion" of Mr. Clinton's support. In the

campaign, Mr. Clinton promised three kinds of change — and he has had trouble delivering on all of them:

First, and most important, he promised to improve the economy, which statistics said was recovering in 1992 but which millions thought was mired in a job-threatening recession. In the first 20 months in office, Mr. Clinton has presided over a healthy recovery that has produced 4.3 million additional jobs. But, as Labor Secretary Robert B. Reich said recently, real incomes for millions of middle-class and working-class

families remain stagnant, and blue-chip companies continue to announce layoffs of middle-management workers.

Second, he promised to reform government in a way that would make it once again a benign force for bettering American life, not a big, bureaucratic, tax-wasting monster. He got the Democratic Congress to pass a host of bills for fighting crime, making college more affordable, sending youth volunteers into communities and granting workers time off from their jobs for family crises. But his biggest venture — health reform — suc-

cumbed to fears of government controls, and once again connected Democrats with big government in the public mind.

Third, Mr. Clinton promised to change the way Washington operates, vowing in his inaugural address to "give this capital back to the people."

But his agenda has barely advanced, a fact Clinton supporters insist is not his fault. "The biggest problem the president has is not related to ideology or policy," Mr. Greenberg said, "but the difficulty he has in defeating the forces in Washington that resist change."

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India, Calling Plague Under Control, to Reopen Schools

Compiled by Our Staff From Dispatches

NEW DELHI — The Delhi state government on Sunday ordered schools to reopen as health authorities grew more confident that the nation's plague outbreak had been brought under control.

But the number of suspected cases of the disease continued to rise, and there were no signs of an easing of the international quarantine imposed on India.

Pakistan barred the entry of foreigners from India as it quarantined 28 foreigners and 320 of its own nationals on Sunday to prevent a plague outbreak. Bangladesh ordered four Indian ships not to dock at its ports.

Authorities tried to calm fears in New Delhi, where fear of contamination has reached panic levels. The Delhi government ordered schools

closed last week to reopen on Tuesday because the disease's spread had been halted, Chief Minister Madan Lal Khurana said.

He said only three of the 77 cases reported over the weekend had proved genuine. "The doctors say 90 to 95 percent of the cases are negative," he added. "Everybody with a cough or fever is turning up for a plague check-up."

The capital, divided into six zones, was cleaning up potential areas from where the disease could spread, he said. Only 26 of the 437 suspected plague cases so far had tested positive, he added.

"Hardly three or four cases have tested positive nationwide today," Indrajit Chaudhury, a senior Health Ministry official, said Sunday.

On Sunday, India reported a total of 3,474 suspected cases of plague, up by nearly one-third

from the previous day's figure. So far, however, only 204 have proved to be plague victims, the Delhi plague control room said.

The plague has killed at least 58 people, including 54 in Surat, the western city where the outbreak began two weeks ago, and four in New Delhi.

The World Health Organization said Sunday that the rapid rise in numbers of suspected cases was no surprise or cause for alarm and that the next two days would prove if the Indian government was right to believe the epidemic was dying.

In the first organized evacuation since the outbreak began, the Gulf state of Qatar evacuated 125 of its citizens from Bombay, United News of India reported. Gulf Air will operate special flights to evacuate Bahrain citizens on Monday, United News said.

Thousands Return Home

Thousands of people were streaming back to Surat by rail and road over the weekend to resume lives disrupted by the outbreak of pneumonic plague. The New York Times reported from Surat, India.

The scenes at Surat's railroad station were in sharp contrast to those two weeks ago, when crowds of people stampeded in an effort to force their way onto trains. On Saturday, the crowds were mainly arriving, many of them among the estimated 400,000 people who had fled to Bombay and other cities.

"You can't hide forever," said J.V. Pathak, 52, an engineer who had gone to Bombay. "Sooner or later, you have to say: 'To hell with it. I have a job to do and a family to feed.'"

Stalled U.S.-Korea Nuclear Talks Leave an Ominous Void

By R. Jeffrey Smith

Washington Post Service

WASHINGTON — Senior American officials are worried that a stalemate last week in talks with North Korea about nuclear issues could soon propel the two countries toward more tense relations.

Such a development would end a brief period in which they appeared to be making substantial progress on a deal to eliminate North Korea's nuclear capabilities.

At the heart of the diplomatic stalemate, according to American officials, is a long-standing dispute over inspections of two suspected nuclear waste sites at North Korea's Yongbyon nuclear complex. The inspections are considered crucial by Washington and its allies in determining if North Korea has already made nuclear arms.

[North Korea repeated Sunday that it would not accept International Atomic Energy Agency inspections of the nuclear sites, Agence France-Press reported from Tokyo.]

[Rodong Sinmun, the newspaper of North Korea's ruling party, said: "The demand for 'special inspections' will only lay obstacles in the way of a solution to the nuclear issue on the Korean Peninsula and lead the situation to an extreme phase of tension. This is an excessive demand which cannot work on anyone."]

North Korea first refused to allow the sites to be inspected nearly 20 months ago, and since then has spurned numerous attempts by Washington to help it back down gracefully.

The monitors said North Korea was either determined to prevent the world from learning about its nuclear capabilities — a step that would

lead to demands that it surrender whatever bombs it may have made — or it is trying to bargain for more rewards in exchange for giving up that information. Washington, however, is not inclined to offer more rewards.

The worsening diplomatic atmosphere has not so far been accompanied by any new worrisome nuclear activities by North Korea. Rulers there have so far respected a partial nuclear freeze pledged by former President Kim Il Sun in June, a month before he died, U.S. officials said. This means engineers have not yet reprocessed a large stockpile of spent nuclear fuel to produce more plutonium, a key ingredient of nuclear arms.

The country also has not yet restarted the 25-megawatt reactor from which the spent fuel was withdrawn in May, although it has maintained during the talks that it planned to do so eventually.

Washington has objected because the reactor can produce more plutonium-laden fuel.

International inspectors remain on duty at the Yongbyon site, keeping their eyes on a pond where the estimated 8,000 spent fuel rods are stored. But they have not been allowed to perform other inspection tasks there, a circumstance that led the governing board of the International Atomic Energy Agency to express its "continuing concern" over North Korea's noncompliance with its commitments in a resolution adopted on Sept. 23.

A senior American official said, however, that in seven days of talks with U.S. officials ending Thursday, Deputy Foreign Minister Kang Sok Ju of North Korea repeatedly refused to agree even to a rough timetable for allowing inspection of the two suspected waste sites.

Q&A: 'Step by Step'

China's Top Finance Aide Outlines an Economic Path

Last week the World Bank said it expected to offer \$15 billion of loans to China over the next five years, a record level of financial support for Beijing's economic reform program. Liu Zhongli, China's minister of finance, who was in Madrid for this week's annual World Bank/International Monetary Fund meetings, discussed the challenges posed by reform with Alan Friedman of the International Herald Tribune.

Q. Your government is embarked on an extremely broad reform effort. What are the biggest challenges you are now facing?

A. The goal of establishing a so-called market economy has not yet been achieved and our biggest challenges are economic management and reforming the state enterprise system in order to establish a more competitive and modern economy. The state companies should be aware that their survival will depend on their ability to compete. We also plan to enact major measures next year to establish a comprehensive and nationwide social security system in China. But it is a step-by-step approach.

Q. This is a gradualist approach. What are the pitfalls of moving slowly?

A. Gradualism does not necessarily mean a slow speed. Right now we have very strong growth, but without growth it will be very hard to satisfy the needs of our people while we make structural adjustments. For example, our 12 percent GDP growth has made it easier to liberalize prices this year. Petroleum prices that used to be one-third of world levels have just been doubled. Food prices have gone up by 45 percent this year. These are important structural adjustments.

Q. And these adjustments also lead to increased inflation, which is expected to average 13 or 14 percent this year. What are you doing about inflation?

A. First, I want to make clear that inflation in China is caused by structural change and not by a growth in money supply, which is seeing some decline. Our latest figures also show that household savings in bank deposits will rise by 38 percent in 1994. Inflation is now running at 20 percent, year-on-year, and it is our top priority to fight inflation.

Q. What about unemployment? How worried are you about that phenomenon?

A. In reforming state enterprises some will inevitably go bankrupt, increasing unemployment levels. That is why we are concentrating on developing a social security system of social insurance. We also have the problem of a large flow of people from rural to urban areas. The majority of our labor force is in the countryside, so we are encouraging township and village enterprises in which people leave farming activities but not the countryside.

Q. What assurances can you offer to foreign investors who may worry about your government's commitment to reform after the eventual passing of your leader, Deng Xiaoping?

A. I am fully confident that all of the reform policies will continue and that the process will become even more open in the future.

Q. What is the message you will be sending during your meetings here in Madrid at this week's annual World Bank and International Monetary Fund meetings?

A. China is fully willing to cooperate with the international financial community. We need support and we want to fully open our financial system. Also, we plan to increasingly approach the world's capital markets with Chinese bond issues.

Rwandans Warned Against Revenge

By Donatella Lorch

New York Times Service

KIGALI, Rwanda — About 30,000 Rwandans jammed one of the capital's main stadiums, pressing shoulder to shoulder or clambering up on walls to view several thousand former rebels on parade and hear an appeal from their new government to refrain from seeking revenge.

General Paul Kagame, Rwanda's defense minister and vice president, warned the crowd Saturday against carrying out revenge killings of ethnic Hutu in retaliation for the massacres of ethnic Tutsi across the country last spring.

"You must be careful not to wreak vengeance," he said. "I promise we will bring to justice those responsible for the massacres."

But General Kagame also lashed out at aid agencies, particularly the UN High Commissioner for Refugees, which has just compiled a report, still unreleased, accusing the new government army of killing large numbers of Hutu.

"Beware of foreigners who preach ethnic divisions," said the former rebel strategist.

"We must make sure that a genocide never happens again."

Days after word of the agency's findings began to circulate, the Rwandan government is struggling to quell a tide of fear that has almost halted the return of Hutu refugees from camps in Zaire and Tanzania.

Although the UN refugee agency has said that security in some areas of Rwanda is too shaky for the return of refugees, it conceded Saturday that the biggest problem blocking repatriation is intimidation in refugee camps in eastern Zaire.

For weeks, former Hutu soldiers and militiamen have been discouraging Rwandans in the camps from leaving; on Friday, militiamen seized control of the camp of Katala, prompting international aid workers to flee.

Japanese Unit in Zaire

The main Japanese military contingent for Rwanda relief assistance — a total of 98 soldiers — flew into the eastern Zairean town of Goma on Sunday, Reuters reported. The mission commander said this was the first humanitarian mission to be undertaken abroad by a Japanese military force.

Neck Operation Found To Reduce Stroke Risk

By Lawrence K. Altman

New York Times Service

BETHESDA, Maryland — A controversial operation to remove fatty deposits from a major artery in the neck sharply reduced the risk of stroke in individuals with no outward symptoms, scientists who conducted a large federally sponsored study say.

The operation, known as a carotid endarterectomy, lowered the projected risk of stroke by about half, to less than 1 in 20 from more than 1 in 10, over a five-year period among the participants, who were 40 to 79 years of age.

The National Institutes of Health, which paid \$20 million for the study, and the scientists who conducted it said the results were so striking that the study was concluded sooner than expected.

"The results are dramatic," said Zach W. Hall, director of the National Institute of Neurological Disorders and Stroke. Those who stand to benefit have no outward sign of disease

but are at risk for stroke from severe narrowing of either of the two carotid arteries in the neck due to a buildup of fatty substances from atherosclerosis.

Application of the findings could prevent many thousands of disabling strokes among the 500,000 to 600,000 people who now suffer a stroke each year in the United States and could save thousands of lives among the 150,000 who die from strokes each year, said Dr. Michael D. Walker of the National Institutes of Health.

Of the 3 million Americans who have survived a stroke, more than 2 million have major disabilities, including paralysis, loss of speech and impaired memory.

The study's leaders were puzzled, however, by the fact the operation was far less beneficial for women than for men. The risk reduction of surgery for women in the study was 16 percent, compared with 55 percent for men.

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Who's in Charge in Bosnia? NATO and UN Fight It Out

By Roger Cohen

New York Times Service

SARAJEVO, Bosnia-Herzegovina — Through 30 months of the Bosnian war, and the loss of 200,000 lives, the North Atlantic Treaty Organization and the United Nations have had extraordinary difficulty working together to end the suffering.

But seldom have the two organizations been so obviously at odds or so clearly out of touch with the feelings of most people living there as in the past week.

Just over a week ago, angered by a day of shooting incidents in which two peacekeepers were wounded, UN military commanders called in a NATO air strike that succeeded in hitting an old, empty Serbian tank. This, the UN commanders in Sarajevo announced, was an example of tough peacekeeping.

But the air raid failed to impress the Clinton administration and clearly left NATO, whose solitary target was selected by UN commanders, feeling dissatisfied. On Thursday, at a NATO defense ministers' meeting in Spain, Defense Minister Malcolm Rifkind of Britain announced, "There will be no more pinpoint air strikes."

Defense Secretary William J. Perry sharply

criticized the approach favored by UN officials and commanders in Sarajevo.

"When we go in," he said, "I want to go in with compelling force. Force not necessarily just proportionate to the act at stake, but enough to make it clear that there is a heavy price to pay for violating the rules that NATO has established."

The attack on the tank "was not robust, not strong enough," he added.

In other words, the Clinton administration believes that substantial use of NATO air power

is this prospect that worries the UN force, and it seems to have led its British and French commanders in Sarajevo to adopt a different approach from that now officially supported by British and French defense ministers within NATO.

Take the events of the past week. After the NATO air strike, the Serbs were predictably angry. A Serbian liaison officer delivered a handwritten note saying that any UN aircraft attempting to land at the airfield would be targets for reprisals. The threat closed the airport, leaving a single way into and out of the city, Mount Igman Road, which is constantly targeted by Serbian guns.

At the same time, most UN aid convoys passing through Serbian-held territory in Bosnia were held up by the Serbs. They remain immobilized, though the United Nations secured a pledge from the Serbs on Saturday to let them resume this week. Food supplies are running low in the eastern Muslim enclave of Srebrenica, and stocks in Sarajevo that should be growing in preparation for the winter are shrinking instead.

"You can't escalate the situation by using force and then continuing to use it," said Lieutenant Colonel Tim Spicer, a spokesman for the UN peacekeeping force. "You have to use force

in a proportionate, precise and relevant way, and then you must negotiate patiently."

In other words, tough peacekeeping must be followed by conciliatory peacekeeping to keep the UN mission alive. But this approach begs the question: What exactly did the last NATO strike achieve? Would it be better to be consistently hard-nosed or consistently accommodating?

By promising tougher and wider action against the Bosnian Serbs, NATO defense ministers appear to be trying to respond to these questions.

The response is belated. Ever since the Clinton administration proposed lifting the arms embargo against Bosnia and using air strikes more than a year ago, it has been obvious that NATO and the United Nations had a problem.

The dilemma lies in the irreconcilability of the wide air strikes publicly favored by President Bill Clinton and the presence of thousands of UN troops in Bosnia. To pretend otherwise appears disingenuous at best, but the problem has never been resolved.

One response might have been to put U.S. troops on the ground; at least then the major NATO powers would be confronting the same dilemma. But the Clinton administration has consistently shied away from such a commitment.

U.S. Lauds Move By 6 Gulf States

American Firms Will Benefit From Easing of Israel Boycott

By John M. Goshko

Washington Post Service

NEW YORK — Saudi Arabia and five other Gulf states have told the United States that they are ending aspects of the Arab League boycott that had in principle closed their borders to trade with American companies doing business with Israel.

Prince Saud al Faisal, the Saudi foreign minister who spoke for the six countries of the Gulf Cooperation Council, revealed the decision to Secretary of State Warren M. Christopher at a meeting in New York.

The other council members are Kuwait, Oman, Qatar, Bahrain and the United Arab Emirates.

Mr. Christopher said that the Gulf states' commitment, announced Friday, was "a very significant step toward realizing the U.S. goal of ending the Arab boycott."

The aim of the boycott and its blacklisting of companies that violated it was to help the Palestinian struggle against Israel by isolating the Israelis.

In political terms, the council's move is a strong endorsement of the Middle East peace process because the action eliminates one of the most notorious symbols of the conflict.

It also will have the practical effect of enabling hundreds of companies to do business with Israel without fear of being blacklisted. It also will permit scores of other companies with economic ties to Israel to expand their activities into Arab countries.

Specifically what the Gulf states did was to end the so-called "secondary" and "tertiary" aspects of the boycott. Those called for blacklisting any companies that either dealt directly with Israel or that did business with other companies or individuals with ties to Israel.

The primary aspect of the boycott — forbidding trade between Arab League states and Israel — remains in effect for the council members. But a senior council diplomat said that since the purpose of the boycott was to put pressure on the world's trading nations to resolve the Palestinian problem, it now is "something of an anti-max" that seems destined to end completely.

For some time, and especially since Israel and the Palestine Liberation Organization signed their peace accord at the White House a year ago, many Arab countries unofficially have been ignoring all but the primary boycott. But their refusal to say so publicly had rankled Israel and its supporters in the United States. For that reason, a senior U.S. official said, the Gulf states' action "sends an important signal."

Egypt, at peace with Israel since 1979, is no longer a signatory to the boycott. Jordan currently is negotiating substantial economic cooperation agreements with Israel, and Morocco and Tunisia are expected to follow the lead of the Gulf states within a short time. That would leave Syria and Lebanon as the only two sizable Arab states still observing the boycott.

ISRAEL: A First Link to Tunisia

Continued from Page 1

meet with Crown Prince Hassan of Jordan at the White House, but there is no sign of an imminent breakthrough toward a peace treaty because of continuing land and water disputes.

On the Syrian front, there are few secrets about what it takes to make a deal: Israel's willingness to give up the Golan Heights and Syria's acceptance of a genuine peace. But still up

in the air are critical details like the extent of the Israeli withdrawal, the amount of time it would take, the Syrian definition of peace and future security arrangements that may include the stationing of United States forces on the Golan.

Both countries are now waiting for the U.S. secretary of state, Warren M. Christopher, who is supposed to arrive next weekend for another round of shuttling between capitals in an attempt to narrow differences.

IMF: A Feud Erupts

Continued from Page 1

fastly backed Mr. Camdessus, arguing that the Third World needed the jumbo credits. But Edmond Alphandery, the French finance minister, was left isolated during a G-7 meeting on Saturday and agreed only reluctantly to join other G-7 governments in supporting the U.S.-British compromise.

Hans Tietmeyer, the Bundesbank president, was especially critical of the Camdessus proposal, which he considered dangerously inflationary. Germany was, however, willing to back the U.S.-British compromise, which would have also freed up funds for nations that have joined the IMF since the last issue of SDRs in 1981.

The controversy has decisively poisoned the atmosphere at the annual IMF-World Bank meetings being held in Madrid this week, and several officials said it raised questions about Mr. Camdessus' effectiveness at the IMF and his future relations with the world's richest industrial nations.

A senior U.S. official said: "Mr. Camdessus is an international civil servant, a bureaucrat. But he was amazingly arrogant. He was telling the Group of Seven how things would be, as if he was in charge."

"It's all very disappointing," a senior official of the British Treasury said. "I think Michel Camdessus got carried away and miscalculated very badly."

A European cabinet minister involved in Sunday's difficult talks said governments were shocked at "the ego and the stubbornness" of Mr. Camdessus, a 61-year-old former French central bank governor who has run the IMF since 1987.

In his defense, Mr. Camdessus said late Sunday: "I am possibly too modest, but I am the managing director of the



One of the thousands who protested against the IMF talks Sunday in Madrid making her point by signaling "hunger."

IMF. It is my duty to launch my proposals."

A U.S. official, noting that Mr. Camdessus' second five-year term as IMF managing director expires in early 1997, said "It would be most surprising if we allowed him to stay in office for another term."

The weekend dispute in Madrid was not the first time the United States has been upset with Mr. Camdessus. Last winter, the IMF was criticized in private by U.S. officials for its go-slow approach on special loans to Russia.

For France, which has long styled itself as a champion of aid to the Third World, the controversy was especially galling. It came just days after the government of Prime Minister Edouard Balladur failed to secure a third five-year term for

Jean-Claude Paye, who was forced to leave his job as secretary-general of the Organization for Economic Cooperation and Development.

France is extremely sensitive about accusations from other G-7 governments that its bureaucrats control too many multilateral institutions. A French official — Jacques de Larosière — also heads the European Bank for Reconstruction and Development.

Separately, on Saturday, G-7 finance ministers met and expressed concern about the level of long-term interest rates.

Lloyd Bentsen, the U.S. Treasury secretary, praised the strength of the world economic recovery, which he said was being helped by a strategy of "deficit reductions in the United States, lower interest rates in

Europe, and encouraging consumer demand in Japan."

Mr. Bentsen said, however, that the recent rise in long-term interest rates reflected concern about the increasing gap between global savings and the growing demand for investment capital in many areas.

He said a special study on capital markets and interest rates would be prepared by the Group of 10, a grouping of wealthy nations that make resources available to the IMF.

Lamberto Dini, the Italian Treasury minister, said in an interview that high long-term interest rates could not be explained alone by fears among investors of a renewed inflation threat.

Mr. Dini said the study was needed because "the world has never entered a phase of recovery

like its present cycle with such a high real level of interest rates, and if they persist it could hamper business recovery."

The G-7 also agreed to involve central bank governors more deeply in its discussions of the world economy.

FERRY: Robots Film Sunken Ship

Continued from Page 1

tonia, home to many of the victims.

In the Baltic Sea, the robots sent back electronic images for hours. Among other things, the pictures show unused lifeboats still attached to the ship's deck.

The robots gave search crews a complete view of the hull, upper decks, the bridge, the stern and bow section of the Estonia, said Tuomo Karppinen, a scientist aboard the salvage ship Halli.

"We have seen the wreck quite easily," Mr. Karppinen said by telephone from the Halli. He said the robots' two cameras had seen most of the 157-meter ship. The ferry is lying between 54 and 86 meters deep.

Mr. Karppinen declined to describe the pictures in detail and would not say whether any pieces of the ship were missing, such as the bow door. He said the search crews would keep the robots working at least until early Monday morning, when another storm was forecast.

The robots did not return pictures of any bodies, Mr. Karppinen said, since they did not go inside the ship.

Captain Raimo Tilkainen,

the Finnish Coast Guard official in charge of the search operation, said he was optimistic about chances for determining what caused the Estonia to sink.

With winter weather closing in over the Baltic, investigators are racing against time to gather as much information as possible.

"Certainly they will help," Captain Tilkainen said of the robots' pictures.

Asked about the quality, he said, "So far, very good pictures of it."

The work of the two robots has been focused on the bow of the ship, Captain Tilkainen said.

The Swedish maritime safety chief, Bengt Erik Stenmark, said the pointed bow door was ripped off before the ship sank. Salvage crews say any attempt to lift the ship to the surface will have to wait until next year.

The ferry went down on a voyage from Tallinn, the Estonian capital, to Stockholm.

If the hull is accessible, the Dutch salvage firm Wijsmuller plans to send divers down to try to recover the bodies of the hundreds of passengers trapped inside. (AP, Reuters)

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Published With The New York Times and The Washington Post

Help Pyongyang to Say Yes

The latest round of nuclear negotiations with North Korea paused briefly this weekend after making little headway. Both sides seem distracted — Washington with the restoration of President Jean-Bertrand Aristide and Pyongyang with the inauguration of President Kim Jong Il. If they are to make progress, they need to focus on what they can agree on.

Instead, both sides seem to be contemplating moves that could derail diplomacy. The United States is discussing resumption of the provocative Team Spirit military exercises with South Korea. The North is talking about refueling its nuclear reactor to generate more spent fuel for bomb-making.

Reassuring the North is the only way to induce it to stop building a nuclear deterrent. China showed the way by reaffirming its military alliance with the North while urging it to become nuclear-free. But the United States is slow to learn the lesson.

A week ago, Admiral Ronald Zlotop, the U.S. commander in the Pacific, compared the presence of an American carrier task force off Korea to the situation in Haiti and said, "Some very strong military force can influence diplomacy." A few days later, North Korea's Defense

Ministry reacted sharply, saying it would never accept special inspections of military sites. Fortunately, the North's negotiators have not taken that stance.

Washington needs to look for the logic in Pyongyang's negotiating position. North Korea has been willing to freeze its nuclear program, but is reluctant to roll back that program irreversibly until it is reassured and rewarded.

The most difficult issue for the North is allowing special inspections to determine how much nuclear material it may have diverted in the past. The United States is right to defer this. The North is also reluctant to part with the spent fuel rods now in cooling ponds. But it appears willing to store the rods in dry casks to keep them from corroding. It also seems ready to cease construction of its reactors and seal its reprocessing facilities.

In return, the United States could open diplomatic ties and arrange to replace the North's nuclear reactors with new ones less susceptible to bomb-making. It could also help find ways to meet the North's more immediate electricity needs. The sooner the two sides stop brandishing threats and start reassuring each other, the sooner they will find ways to say yes.

—THE NEW YORK TIMES

Carter's Dubious Diplomacy

Jimmy Carter has carved out an unprecedented and unorthodox role in American diplomacy. The former president has used his lingering high status and his moral intensity to take up a position as free-lance practitioner in selected international disputes. He bills himself as an independent source of support and judgment able not only to reach but to bring together the parties concerned. Thus he has become a specialist of sorts in dealing with dictators in trouble with the United States. These men typically have poor relations and poor contacts with American officialdom and a generic readiness to work through outsiders and special envoys. Their isolation and Mr. Carter's passionate sense of mission — not to mention his inclination to hutter them up — make a match.

In the recent instances of North Korea and Haiti, the outside world got a good glimpse of the techniques Mr. Carter has been honing elsewhere for years. He comes in with a promise of bringing fresh ideas and impetus to an encrusted conflict. His approach has embarrassed the current president and secretary of state, whose frustrations led to his being authorized, in some form, to deal in the first place. But he has delivered what the administration failed to achieve on its own.

In North Korea he diverted a gathering confrontation into broad negotiations

centering on the nuclear threat. In Haiti he got American troops ashore peacefully, without an armed and opposed invasion, to start a climb toward democracy. Whether these diplomatic breaks will become substantive breakthroughs is, of course, out of Jimmy Carter's hands.

But that is not the end of the subject. One of Mr. Carter's tools has been a distasteful and, we would argue, unnecessary tendency to play up to tyrants and to demean his own government.

And to judge by what he recently told The New York Times, there is more and more of it. He had asked the Bush White House if he could negotiate between Iraq and Kuwait and was turned down. "So I decided when President Bush went for the UN resolution to permit armed action, to try to block it, which was not appropriate," he said. He did this by abandoning the American debate and going international, writing to every Security Council member except Margaret Thatcher of Britain, whom he deemed beyond redemption.

This was blackmail: Accept my views on this level, or I will fight you on the next. It was a misuse of the prestige and honor the American people conferred on Jimmy Carter by electing him president, and an act of egotism. His own style explains much of the hesitation to make use of his diplomatic efforts.

—THE WASHINGTON POST

The CIA Isn't Helping Haiti

It does not make sense to occupy a country in order to guarantee its citizens the right of political self-determination and then unleash the Central Intelligence Agency to meddle in the nation's political affairs. That is what the Clinton administration is doing in Haiti. It is a throwback to the kind of arrogance that typified American intrusions during the Cold War.

For reasons of principle and prudence, the United States should not be in the business of covertly manipulating political debate in other countries — especially in countries where some 20,000 U.S. troops are supposed to be conducting a limited mission of restoring constitutional rule and giving way to an international force at the earliest possible date.

President Bill Clinton approved this unseemly approach for the apparent purpose of preparing the ground for President Jean-Bertrand Aristide's early return to power. Yet this hardly seems the time to authorize the CIA to run a covert program of dubious political manipulation.

Some of the \$1 million authorized for "political actions" has already gone to covert broadcasts, pro-Aristide leaflets, and infiltration of military groups. The United States is also expected to finance newspapers with a political message. Officials offer assurances that no money will go to buy the votes of legislators or bribe pro-military figures to resign. But there cannot be satisfactory accountability in a covert program.

The CIA does have a legitimate role to play in protecting American troops by ferreting out potential ambushes and other military dangers, an intelligence job that was not done well in Somalia. But in dealing with the wider Haitian public, Washington should confine itself to publishing accurate information on U.S. views through existing overt channels like offshore radio stations.

Some U.S. financing of pro-Aristide messages might have been justified be-

fore Sept. 18, when Haitian military leaders were stifling free political debate. It cannot be justified now.

What is it about the psychology of official Washington that makes it so hard to resist turning to tools like covert political action, even when their use is unnecessary and unwise? It is bad enough that U.S. troops have been put at risk in an ill-defined cause with no vital national security interests at stake and alarmingly weak public support. It only compounds the error and adds to the risk to enlist the United States on one side of a battle for domestic Haitian political support.

If Father Aristide is as popular as the administration believes, he does not need the CIA's propaganda help. If he is not, the United States should not tie its own interests, and the safety of its troops, so closely to his cause.

—THE NEW YORK TIMES

Other Comment

Behind the Mexican Killings

After decades in which political assassination seemed a thing of the past in Mexico, two key leaders in the ruling Institutional Revolutionary Party, or PRI, have been murdered in a matter of months. Mexican drug mafias may believe they have the resources to literally terrorize the government and turn Mexico into a republic of fear, like their criminal counterparts in Colombia did.

If this is indeed the meaning of the assassination Wednesday of Francisco Ruiz Massieu, the PRI's No. 2 official, then the enemy has landed a grievous blow. But the drug lords will not destabilize Mexico as easily as they did Colombia. Mexico is bigger, stronger and more sophisticated. Mexico can also count on the help of a powerful next-door neighbor.

—Los Angeles Times

To End the Martyrdom of Haiti

By Iain Guest

PORT-AU-PRINCE, Haiti — Only a few weeks ago, I sought refuge from invasion fever in Cité Soleil, the big, sprawling shantytown of Port-au-Prince, where support for President Jean-Bertrand Aristide burns like a slow fuse.

Here is a foul, stinking slum, home to 200,000 people. When the rains come, sewage washes through the shacks. Diarrhea and tuberculosis are rife.

But there is vitality and enterprise at every corner. Empty fruit cans are prized apart and hammered into water buckets; discarded sacks that once held U.S. food aid are fashioned into roofing material. One aid group has granted \$40 loans to 25 of these small-scale entrepreneurs at commercial interest rates. Ninety-two percent of them have repaid all or part of their loans.

This is the spirit that has carried the people of Cité Soleil through three terrible years. It will be sorely needed as Haiti struggles with the long and difficult job of rebuilding.

This impoverished country has been pushed to the brink. After the 1991 coup, donors froze more than \$400 million in development aid. Starved of investment, the public sector has effectively collapsed — one reason the inhabitants of Cité Soleil have no fresh water, electricity, garbage disposal or sewerage system.

Sanctions have been a humanitarian disaster. Eighty percent of manufacturing-sector jobs disappeared. The fuel embargo often

made it too expensive to transport farm produce to markets; the sick could not be taken to clinics. There is no cement for construction. Farmers need 5,000 tons of fertilizer soon if the full crop is to be planted by January.

Where to start? Thankfully, it appears that sanctions will be fully lifted after Father Aristide's return. This will relieve much of the pressure.

A recent meeting of donors in Paris put the price of reconstruction at about \$550 million over 12 months. This would include \$100 million in humanitarian aid; payment of Haiti's arrears to the multilateral banks and the International Monetary Fund (\$80 million); and \$60 million in emergency balance-of-payments support. The rest would go into revitalizing the private sector and creating jobs.

The United States is ready to contribute \$200 million, and large sums of multilateral aid are waiting to be unfrozen. But — and this is key — donors still need to be convinced that Haiti is worth the investment.

The recent looting of hundreds of tons of humanitarian food, fuel and pharmaceuticals will not have reassured them. This has been heartbreaking to watch, and impossible to prevent.

Twice in two days I watched hungry children scrambling for grains of rice in the dust while their parents slashed at sacks

of food aid from foreign donors. This spectacle cannot be allowed to detract from the progress made. For once, the United Nations and U.S. military are working hand in hand. American troops are now patrolling UN warehouses and responding quickly to emergencies. U.S. forces soon will move 1,600 tons of UN food to the northeast, to feed 55,000 schoolchildren.

What can the UN offer? A great deal. Under overall UN direction, more than 150 agencies are feeding a million Haitians, supplying more than 500 health institutions with drugs, maintaining more than 1,000 rural water wells and pumps, and underpinning it all with subsidized fuel.

The challenge will come in shifting this from emergency hand-outs to something more lasting. Here, again, an important start has been made. Prevented from dealing directly with the illegal Haitian regime, the UN agencies have been forced to work directly with communities, churches and private businesses. This has reduced the red tape that cripples so many UN programs and has laid the foundation for a worthwhile UN role in reconstruction.

In one experiment, Unicef has trained 120 community health agents from the poor areas of Port-au-Prince. Each is responsible for promoting basic health education, including breast feeding, among 300 families. They also distribute water purification powder and vitamins, and refer



sick children to health centers. These scattered projects need to be incorporated into a national policy. Here, too, the UN has contributed. Throughout the grim years, agencies have worked with Father Aristide's cabinet ministers, some of them in hiding. The UN Development Program has helped to draft an emergency recovery plan that probably will form the basis for an international appeal. The Pan American Health Organization has played a key role in formulating a decentralized health policy.

Of course, there are gaping holes. The idea of a blanket amnesty worries human rights groups. Many would like to see

the UN organize a "Truth Commission" for Haiti, similar to the body that identified the authors of past abuses in El Salvador. The United Nations has kept the faith with Haiti through an extraordinary difficult period. The same is true of the United States. Together they should be able to reassure skittish donors in the tense weeks ahead. The rest will be up to the inhabitants of places like Cité Soleil.

The writer is a senior adviser to the UN Humanitarian Coordinator in Haiti. The views expressed in this column, which was contributed to the International Herald Tribune, are his own.

Don't Doubt the Serious Threat to America's Friends in Moscow

By Stephen S. Rosenfeld

WASHINGTON — The rhetoric of the Clinton-Yeltsin summit meeting says that two good buddies are cooperating and working on their differences, but the reality is that on the Russian side there is a creeping apprehension that cooperation on American terms may seriously diminish the Yeltsin reform regime.

Russians, pointing to progress on the political and economic fronts at home, believe that their country is becoming "normal," a status they treasure. Americans are not entirely sure, but they want it to happen. Russians, picking up the hesitation, think that Americans have not entirely shed their Cold War reflexes of distrust. They want Americans to make ample room for them in their thoughts and policies and to recognize Russia's interests as a great power. The result in Moscow of American hesitation, they fear, is to reinforce currents of nationalism on the one hand and isolationism on the other.

There are some of the grievances that outlasted the summit meeting and continue feeding Russian discomfort.

Washington seeks a global system of restraints on certain high-tech and military exports to states like Iran, an American nemesis. But Washington does not heed the potential of nationalist backlash

against Mr. Yeltsin for "bowing" to Mr. Clinton on arms for Iran. Meanwhile, the United States ignores exports of Islamic fundamentalism and terrorism from Saudi Arabia, an American friend. The reaction could yet lead Russia to set up a separate system of restraints.

Even as Russia is criticized for leaning on the former Soviet republics in its "near abroad," Americans ignore Moscow's huge subsidies (\$17 billion in a year) in unpaid and unpaid energy shipments to these otherwise bereft new states. But if an isolationist Moscow demanded prompt payment, the resulting stress would generate "millions" of refugees to Russia.

Washington insists that the United Nations make ready to subsidize a second-stage Haiti intervention for which Russia would partly pay. But it lets the UN ignore the tens of millions of Russians left impoverished by the Soviet breakup. "Once they lived at home," said Mr. Yeltsin, "and now they are guests and not always welcome." Though slowly, Russia has released the Baltics. It nurses Ukraine, a difficult patient.

Still, Russia needs to be more alert to the suspicions generated by the spectacle of

stead it supports the summoning of an all-European security group, which happens to have no military experience or capability and no budget.

Mr. Yeltsin came to Washington on the heels of a Russian intelligence report declaring that the West had no reason to equate Russia's natural and helpful attempts at "reintegration" among the former Soviet republics with a reassertion of empire. The content and timing of the report had the ring of a warning to Mr. Yeltsin to hang in there. The "nationalist" position, although not its fascist aspect, is now in the Russian mainstream.

No matter, Mr. Yeltsin had a point about reintegration. These links with the new states, if done right and on a voluntary basis, promise mutual benefit. No one is ready to police the tremendous disorder in the Transcaucasus and Central Asian regions. No government in Moscow can ignore the tens of millions of Russians left impoverished by the Soviet breakup. "Once they lived at home," said Mr. Yeltsin, "and now they are guests and not always welcome." Though slowly, Russia has released the Baltics. It nurses Ukraine, a difficult patient.

Still, Russia needs to be more alert to the suspicions generated by the spectacle of

Russian troops on the move. The army has units left over in nearly a dozen of the old Soviet republics — a political presence if not a military lever. Russians can be too quick to dismiss historically based skepticism about their intentions as evidence of foreign pressure and incipient encirclement. I am, nonetheless, persuaded that the Yeltsin circle, as friendly to America as any group you could imagine ruling in Moscow, is dead serious about the political risks of its policy.

To its right are the nationalists, an ugly crew, who want to throw Russia weight around. To its left are the isolationists, living in a dream world, who want Russia to pull up the ladder and to retreat from concern for the security and welfare of the other new states.

Engagement with the United States offers a middle path. But to be expanded and sustained, it must be done on terms that allow Mr. Yeltsin to maintain his political balance. That does not mean that Mr. Yeltsin must be accommodated on everything — fencing the old Eastern Europe off from NATO, for instance. It does mean that Washington must never undervalue its interest in the consolidation of a normal democratic state in Moscow.

The Washington Post

This Is No Way to Help Russia

By David J. Kramer

WASHINGTON — The State Department has decided to shift the focus of U.S. aid to Russia from technical assistance aimed at improving the investment climate in Russia to, in essence, subsidization of U.S. trade and investment. Such a shift is a serious mistake.

The State Department's coordinator for assistance to the newly independent states, Ambassador Thomas Simons, strongly pushed for an expanded role for the U.S. Export-Import Bank and Overseas Private Investment Corp. Another major beneficiary from the change in policy is the U.S. Trade and Development Agency, an independent government agency that provides funding through nonreimbursable grants to American firms for feasibility studies overseas.

Not surprisingly, the Trade and Development Agency is popular in the House and Senate as a means to funnel assistance to corporations in members' districts. Since late 1991, the trade agency has also been in the business of doling out aid money intended to help reform in Russia and the other states of the former Soviet Union. But instead of helping to promote economic development in Russia, the agency is subsidizing feasibility studies for companies interested in exploring busi-

ness opportunities there. This is not the way to help the Russians help themselves.

In July, the agency awarded 19 economic assistance grants, providing \$6 million in "feasibility study funding" for a wide range of projects. A number of the companies involved have already established a presence in Russia. Moreover, one would think that General Electric, with revenues of \$62.2 billion last year, Owens Corning (\$2.9 billion) or Marriott International (\$8.7 billion) could afford feasibility studies on their own without U.S. government support.

Since reform in Russia was launched in 1992, Western governments and international lending agencies have been urging the Yeltsin administration to reduce state subsidies to enterprises. Yet contrary to the advice it offers Russia, Washington is bolstering its role in American firms' trade and investment efforts.

This perpetuates, even increases, both the Russian and American governments' roles in what should be private-sector activity, clearly sending the wrong signal to Moscow.

The writer is executive coordinator of Russian and Eurasian Programs at the Carnegie Endowment for International Peace in Washington. This is excerpted from a comment in the Los Angeles Times.

The O. J. Industry Keeps Growing

By Frank Rich

NEW YORK — The verdict is already in on week one of the alleged trial of the century: It was a bomb.

Jury selection, untelevised and unremarkable, yielded no news. Desperate tabloid investigations into the life and new halo of the prosecutor, Marcia Clark, failed to find a pulse. So the media circus (that is, reporters reporting on reporters) became the story, a video hall of mirrors leading nowhere.

But this does not mean week one was without meaning.

What it made clear is that the O. J. Simpson phenomenon is no longer principally driven by news in any case — or by the question of the defendant's guilt, or by the big issues like spousal abuse and race and jury psychology that are supposed to elevate Americans' pornographic obsession with the trial to a socially acceptable form of civic virtue.

O. J. is instead a self-perpetuating cultural industry, with tentacles reaching into every branch of show biz, spinning off new products (CNN's CD-ROM) and celebrities (the porn star who once dated Al Cowling) by the hour to feed its insatiable maw.

In week one, even the industry's founding father, the defendant himself, dropped his somber pose to resume his show-biz career. He authorized the sale of a \$15 fitness video he finished two weeks before the murders and, in a capital offense against musical taste, took to singing "Memory" in the courtroom.

At this rate, the O. J. industry may soon be more integral to America's gross national product than Detroit. As the rising talk-show host Kato Kaelin makes clear, it is already a more expedient route to fame than the star machinery of Hollywood. So many people and businesses have so much invested in O. J. that no mere news drought in a courtroom can derail it now.

In week one, some of the culture's few remaining holdouts got into the act. The talk-show host David Letterman, who had previously chosen to abdicate all O. J. humor to the self-molting Larry Leno, finally entered the fray. Mr. Letterman was secure in the knowledge that Robert Shapiro jokes could



by offering satirical replays of the Bronco chase.

Tiktok, the Jewish journal, has now joined The New York Times, The New Yorker and The New York Review of Books in contemplating the philosophical implications of O. J.

Can anyone resist the O. J. industry's promise of instant fame and riches? Certainly not Judge Lance Ito, who is for the time being king of the O. J. industry and don't you forget it.

Mr. Ito's odd behavior in week one suggests a man who is not unmindful of the fact that his service in this trial is more likely to render him ready for prime time than for the Supreme Court.

KNBC's "exclusive" report about imaginary DNA tests on Mr. Simpson's bloody socks. Mr. Ito had vowed to hold a hearing last week to contemplate "terminating the media coverage in this case."

But by week's end, his constitutionally dubious media blackout and even his promised hearing had been forgotten. No wonder. As long as the judge is on television, he has the ability to make and break stars, stage the election campaign and destroy the productivity of the American work force.

Administering justice seems the least of his duties in a trial that simply must not be allowed to get in the way of the show.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Diphtheria Beaten

PARIS — The year 1894 will be a red-letter one for the science of medicine, as it marks the discovery of a treatment of diphtheria. M. Roux, of the Institut Pasteur, has shown that even at the hospital, under the most unfavorable circumstances, where children are frequently not brought until in a dying condition, by injection of antitoxin the mortality from this complaint can be reduced from one half to one quarter.

1919: Wilson Satisfactory

PARIS — The latest bulletin issued by Admiral Grayson states that President Wilson's condition is satisfactory. Dr. Francis Z. Dercum, the brain specialist, has been called in consultation from Philadelphia. He is regarded as one of the foremost neurologists in the United States.

1944: Couture Revives

PARIS — Although war is raging only 200 miles from here, Paris began today her display of winter models for smart women. Some thousand women, apparently oblivious of the men fighting at the gates of Germany, pressed their ways to the salons of Maggy Rouff on the Champs-Elysees. Blonde and slim mannequins displayed knee-strut dresses with padded square shoulders and wide, flannele skirts. Most frocks and tailored skirts were made of wool — the rarest fabric on the European Continent. There was also much velvet, but hardly any silk. It was announced at the beginning of the show that the evening gowns presented by Maggy Rouff were not meant for wear in Paris. They were shown only to prove that Paris couture was as good as ever in producing them.

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AMERICAN TOPICS

No More Free Alaska Land

"There is no more free land in Alaska," The Associated Press reports. "None. Nada. Zip." But the calls and letters from wilderness dreamers in the lower 48 states keep coming, asking how to get some of that land.

Apartment-dwellers write from cities, saying they have to get away from crime. Convicts write from prisons, saying they have to get away from society.

"There's a lot of desperation," said Salli Slaughter, chief of public information for the Alaska Department of Natural Resources.

For many, Alaska is more than a state. It is a metaphor for freedom, a symbol of a world beyond the limits of civilization, a blank slate where you can claim a piece of the wilderness and start life anew.

The reality: There hasn't been free Alaska homestead land open to all Americans since 1986, when the federal government halted its land disposal program.

The state began its own homestead program in 1984. But it's open only to Alaskans who have lived in the state at least a year. And because of a legal dispute, no homestead land has been offered since 1991.

It will be at least a year before the state opens more land to settlement, but because the state also sells land, there's no assurance that any offerings will be homestead giveaways, Miss Slaughter said.

About People

Nancy Reagan surprised a George Washington University forum on presidential spouses by saying she supports a woman's right to choose abortion. The Washington Post reports. She joked about not having had much influence on public policy when Ronald Reagan was president, contrary to popular belief. She said there was "always a certain jealousy" she had about his time. Asked if a president could be

unmarried and still serve effectively, she said, "I don't think you can have a sense of balance in anything unless you are married." The audience gasped.

Short Takes

Yet another pickpocketing scam is described by Alice Timothy in a letter to The New York Times: As she was about to get off a bus, "the passenger in front of me sank to his knees and told me that his foot was caught in the barely open automatic door. Rising, he asked me to hold his portfolio and help him push the door, which I did, struggling over his shoulders. Behind me another man joined in pushing the now reluctant door." Eventually, it opened, and everyone disembarked. "Only when I looked into my handbag a block away," Miss Timothy recounts, "did I realize that my wallet, which I had when I entered the bus, was missing."

It took a lasso, whip and tow truck, a contingent of volunteer fire fighters, game wardens and a veterinarian to rescue a 350-pound (160-kilogram) black bear from the bottom of a 30-foot (9-meter) well in Weaverville, California.

A veterinarian, Tom Nickerson, climbed down with a 10-foot jib pole to give the bear a sedative. Then a volunteer fireman, Don Bickie, attached a harness, and a tow truck slowly winched the bear to the surface. "It was like pulling a cork out of a champagne bottle," said Russ Gomez, a state game warden. "He just popped out." Rescuers scattered as the bear yanked off the harness, pushed over a wire fence and lumbered back into the woods.

Jim Murray, the Los Angeles Times sports columnist, recounts that when growing up during the Depression of the 1930s, he wore sneakers, sweatshirts and raggedy blue jeans, and resolved never to wear them again. Today, he laments, "all of the 'in' people, actors and actresses and agents, are wearing jeans torn at the knee to go with their sneakers and sweat shirts. Ugh!" Mr. Murray also dreamed of wearing a dinner jacket and black tie. "Then, I grew up and went to fancy restaurants and nobody was wearing a suit jacket, never mind a tie. They had bush jackets thrown over their shoulders as if they had just spent the day hunting lions."

International Herald Tribune

TRADE: U.S.-Japan Compromise

Continued from Page 1

named Japan under section 301 of its trade law, beginning a process that could result in sanctions in the auto parts sector within 12 months.

Trade Minister Ryutaro Hashimoto said he deeply regretted the action. He stopped short of backing out of further talks, although he said Tokyo would need a "cooling-off period" of several months before resuming negotiations.

Foreign Minister Yohei Kono, who oversees negotiations on government procurement, called the agreement "a positive one" and said the governments had "gradually built up trust."

The partial agreement was largely in line with expectations in financial markets and was likely to remove some political pressures that have been supporting the yen. The view that Washington wanted a strong yen to narrow the trade imbalance has contributed to its 13 percent rise against the dollar so far this year.

But market players believe that the Japanese currency is unlikely to weaken significantly because the agreement will do little to reduce Tokyo's trade surplus, which is the fundamental cause of the yen's strength.

Suggesting that room for a further dollar advance will be limited, Toshihiko Masaki, a foreign exchange manager for Citibank in Tokyo told Reuters on Sunday that "the dollar had already factored in a partial agreement in the trade talks by Friday."

The dollar closed higher at 99.16 yen on Friday in New York, propped up by hopes for at least a partial trade agreement.

The accord brought to an end an difficult chapter in U.S.-Japan relations that began in July 1993 when President Bill Clinton, in Tokyo for the Group of Seven summit meeting of leading industrial nations, hammered out the framework accord over a dinner with Prime Minister Kiichi Miyazawa.

In the Tokyo declaration, Japan pledged to significantly cut its trade surplus with the United States, and Washington promised to reduce its budget deficit. It also called for negotiations on a variety of sectors.

But less than two weeks later, Mr. Miyazawa was voted out of office. Last February, when his successor, Morihiro Hosokawa, visited the White House, the two leaders failed to cut a deal.

"Japan was unwilling to restate its goal — a significant increase in sales of foreign products," a U.S. official said Sunday. "Now, the framework language has been accepted."

Modest Gains for Dollar

In the first trading session of the week, the dollar made modest gains against both the Japanese yen and Deutsche mark in New Zealand, Reuters reported Monday from Wellington.

"People expected a lot of volatility this morning — we simply haven't got it," said Paul Richards of Bankers Trust NZ.

Dealers said the New York market had foreshadowed the outcome of the talks near the end of its Friday close, which took some of the wind out of the dollar's sails.

For investment information
Read THE MONEY REPORT
every Saturday in the IHT

Heirs File Additional Complaints Against Pamela Harriman

By Sharon Walsh
Washington Post Service

WASHINGTON — The heirs of W. Averell Harriman have broadened their attack on Mr. Harriman's widow, Pamela Churchill Harriman, objecting to the way she has handled \$18.6 million in four Virginia trusts.

In court papers filed in Loudoun County, Virginia, the heirs asked the court to remove

her and appoint an independent trustee. They also asked that she immediately repay millions of dollars she has borrowed from the trusts and restore any losses caused by imprudent investments.

The heirs contend that Mrs. Harriman, who now serves as U.S. ambassador to France, loaned herself, or companies in which she had an interest, millions of dollars from the trusts,

even though she had already inherited more than \$30 million outright when Averell Harriman, a diplomat and financier, died in 1986.

The largest of the four Virginia trusts, referred to as the "marital trust," has about \$11.7 million in assets, and more than \$9.5 million is tied up in illiquid investments, or promissory notes of Mrs. Harriman's or in entities in which Mrs. Harri-

man has a personal financial interest, according to the court papers.

Mrs. Harriman was both executor of her husband's estate, said to be worth \$65 million at his death, and a trustee of several additional trusts he created during his lifetime to benefit her and his children and grandchildren.

"These objections are just part of their litigation to force

her to capitulate and pay them money," said Michael Helffer, an attorney for Mrs. Harriman.

"I don't think it's going to work," he said, adding that Mrs. Harriman had relied on the advice of professionals appointed by Averell Harriman.

The Virginia legal complaints — which have been submitted as objections to annual accounting filed by Mrs. Harriman with the Loudoun County commissioner of accounts — may prove even more serious than those filed recently in a New York lawsuit. That is because they allege that Mrs. Harriman has breached her duties as a trustee by self-dealing, namely making loans to herself or companies she controls.

"Self-dealing is one of the worst things you can do as a trustee," said George F. A. bright Jr., an estate lawyer and former chairman of the Virginia State Bar's trusts and estates board of governors. "Even if it's a good investment, it's an absolute prohibition" and can result in the award of damages, he said, unless it is provided for in the will.

The Virginia trusts were created under the will of Averell Harriman, a former governor of New York whose father, E. H. Harriman, founded the Union Pacific Railroad and created one of the America's great fortunes, worth more than \$100 million in 1909.

An Ex-Major Says He and Diana 'Were in Love'

Washington Post Service

LONDON — London awoke Sunday to another chapter in The Life and Loves of the Royals. It's not your Masterpiece Theater, mind you, but if you liked "Upstairs, Downstairs," it has at least as many episodes.

When last we tuned in to Princess Di, Scotland Yard was investigating nuisance telephone calls made to a businesswoman from a private line.

Sunday's episode was splashed across a paper called News of the World. James Hewitt, a retired major, says that beginning in 1988 he and the princess "were deeply in love."

"For three years I was THE man in her life," he asserts.

In the interview, said to be the buildup to release of a tell-all book, Mr. Hewitt claims they trysted in Devon, in Knightsbridge, at Highgrove,

and even at Kensington Palace. "I was madly in love with her and helped her in so many ways," he is quoted as saying. "I advised her on what clothes she should wear, how to deal with the press and even helped her practice public speaking."

"We were deeply in love," he said. "In fact, Diana was so in love with me that she even contemplated leaving Prince Charles for me."

Mr. Hewitt says he called the princess Dibs. To her, he was Winkie, as in Wee Willie, no explanation offered. It ended, he told the paper, after things got "too hot" and she left him.

Mr. Hewitt was mentioned as one of four "male confidants" of the princess in a 1992 book by Lady Colin Campbell, "Diana in Private."

Buckingham Palace said: "We would not want to dignify these stories by commenting on them."

CLOSING TIME

By Joseph Heller. 464 pages. \$24. Simon & Schuster.

Reviewed by Christopher Lehmann-Haupt

YOU loved them and laughed at them in "Catch-22." Joseph Heller's blackly comic first novel, published in 1961 and about to be reissued in a new edition with a preface by the author.

And now some of the characters are back in a not entirely successful sequel to that antiwar classic, "Closing Time," whose title refers to termination, shutdown, punk, the end, death.

Ex-Pfc. Wintergreen is back, along with Milo Minderbinder and of course Yossarian, in his late 60s now, getting closer to closing time.

"I can't always find the words I know I know," he admits to Michael, his youngest son. "I can't always remember what I meant to remember. I talk a lot and say things twice. I talk a lot and say things twice."

At the opening of "Closing Time," Yossarian is in the hospital searching for some flaw in his perfect health. "You're in perfect health," the doctors tell him. "Just wait," Yossarian advises.

A familiar stranger shows up and exclaims: "How good you look! How happy I am to see we're both still alive!"

"Who... are you?" asks Yossarian.

"The reply was instantaneous. 'Chaplain, Tappan, Chaplain Tappan, Albert Tappan, Chaplain' chattered

Chaplain Albert Tappan garulously. 'Fiancée? Air force? World War II?'

Tappan has finally found Yossarian through the Freedom of Information Act, which, as Yossarian himself has discovered, "was a federal regulation obliging government agencies to release all information they had to anyone who made application for it, except information they had that they did not want to release."

Chaplain Tappan is shortly taken into custody by federal agents because he has a problem with heavy water. "He was passing it," as someone explains to Yossarian: "They could tell it was heavy almost immediately. It took two people to lift the eyepiece. . . . There's not a country in the world that allows heavy water without a license, and this guy is producing it by the quart several times a day. This deuterium oxide is dynamite."

In what is the funniest subplot of the novel, the chaplain is put in an underground train in the custody of General Leslie R. Groves of the Manhattan Project. The chaplain's heavy water may eventually be needed for a secret weapon being built for the government by Milo Minderbinder, a "Sub-Super-Intelligent and Noiseless Defensive Second-Strike Offensive Attack Bomber" that flies faster than light so that "you can bomb someone yesterday."

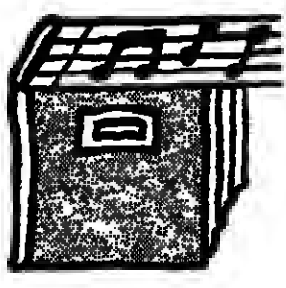
When an admiral asks, "Can it destroy the world?" Milo replies with a blush: "I'm afraid not, sir. We can make it uninhabitable, but we can't destroy it."

WHAT THEY'RE READING

• Georg Quander, general manager of the Staatsoper in Berlin, is reading "Im Palast der Gefühle" (In the Palace of Feelings), the autobiography of Claus Helmut Drese when he was director of the Vienna Opera.

"Naturally my interest in this book is motivated somewhat by professional reasons. This provides an interesting behind-the-scenes look at Drese's career."

(Michael Kallenbach, IHT)



BOOKS

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YOU loved them and laughed at them in "Catch-22." Joseph Heller's blackly comic first novel, published in 1961 and about to be reissued in a new edition with a preface by the author.

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When an admiral asks, "Can it destroy the world?" Milo replies with a blush: "I'm afraid not, sir. We can make it uninhabitable, but we can't destroy it."

"I can live with that!" Less amusingly, there are other subplots in "Closing Time," ones less reminiscent of "Catch-22" and more in the spirit of later novels by Heller such as "Something Happened" and "Good as Gold," and of his memoir of an illness, "No Laughing Matter."

One subplot involves Yossarian in a society wedding that he whimsically suggests should be held at the Port Authority bus terminal, "which seemed more and more monstrously ood with growing clans of bellicose and repulsive panhandlers, prostitutes, addicts, dealers, pimps, robbers, pornographers, pervers and disoriented psychopaths."

In the novel's long climax, the black comedy of Milo Minderbinder's military-industrial complex merges with the terminal social satire. The point seems to be that if in "Catch-22" Yossarian discovered that "Man was matter. . . . Bury him and he'll rot, like other kinds of garbage. . . . The spirit gone, man is garbage." In "Closing Time" he learns that given man's capacity for destructive mischief, "even hell was not forever."

Unfortunately, in trying to express this, Heller strives for the sort of Joycean euphuism of effect that even in Joyce's hands can prove colossally dull. So while you stay with "Closing Time" because of its many wildly funny parts, the tedious heavy-handedness of its Strangelovian coelusion finally tends to drag the novel down.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott

ONE of the most popular figures in the world of bridge, Jean Besse, died in September at age 80. Beneath a placid exterior, he concealed a razor-sharp mind that he applied to mathematics and computing as well as bridge.

At the 1982 world championships in Biarritz, France, Besse won the Bols Brilliance Prize for his defense on the diagrammed deal. He sat East, defending three no-trump after South had opened one diamond.

West led the club five and South had to guess. If he played low from dummy he would have made his game since he would have scored two club tricks. In practice, South played dummy's ten, hoping the jack was on his left, and regretted it when East produced that card.

South did the best he could at this point by permitting the jack to win. As the cards lie, this hold-up would succeed against routine defense. South will be able to lead a diamond from dummy and establish that suit without giving West a chance to cash two club winners.

But when Besse returned his remaining club, West took the ace and played the four. This was a suit preference signal, suggesting a possible entry in diamonds, and Besse rose to the occasion. He discarded his diamond ace. This play, known as the Emperor's Coup, insured the defeat of the contract. The diamonds could not now be established without permitting West to cash two more club winners.

The bidding:

North and South were vulnerable

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Country	City	Yield	Price	Yield	Price	Yield	Price	Yield	Price
Argentina	Buenos Aires	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Australia	Sydney	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Belgium	Brussels	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Canada	Toronto	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
France	Paris	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Germany	Berlin	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Italy	Rome	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Japan	Tokyo	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Netherlands	Amsterdam	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Portugal	Lisbon	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Spain	Madrid	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Sweden	Stockholm	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Switzerland	Zurich	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
United Kingdom	London	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
United States	New York	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
West Germany	Frankfurt	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00
Yugoslavia	Belgrade	10.00	100.00	10.00	100.00	10.00	100.00	10.00	100.00

Consolidated trading for week ended Friday, Sept. 30.
(Continued)

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Continued on Page 14

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New International Bond Issues

Compiled by Paul Florin

Issuer	Amount (millions)	Mat.	Coups %	Price	Price end week	Terms
Floating Rate Notes						
De Indonésia Overseas Bank	\$125	1997	0.625	100	—	Over 3-month Libor, Noncallable, Fees 0.35% (Denominations \$100,000, (HSBC Markets))
Thai Oil Company	\$200	2001	0.65	99.45	—	Over 6-month Libor, Callable at par from 1999, Fees not disclosed, Denominations \$250,000 (Chemical Securities Asia)
Fixed-Coupons						
Banco Bamerindus do Brasil	\$100	1997	11	99.05	—	Semiannually, Noncallable, Fees 0.875% (Salomon Brothers Int'l)
Commerzbank Overseas Finance	\$200	1998	7 1/2	101.395	99.85	Reoffered at 100.72, Noncallable, Fees 1 1/2% (Morgan Stanley Int'l)
Korean Development Bank	\$500	2004	8.09	100	99.78	Semiannually, Noncallable, Redeemable at par in 1999, Fees 0.30% (CSPR)
Landesbank Baden-Württemberg	\$200	1997	7	101.138	99.50	Reoffered at 99.95, Noncallable, Fees 1 1/2% (Swiss Bank Corp.)
Lebanon	\$400	1997	10 1/2	99.538	—	Noncallable, Fees 1 1/2% (Merrill Lynch Int'l)
San Miguel	\$115	2000	9	99.40	—	Semiannually, Noncallable, Fees 0.75% (J.P. Morgan Securities)
African Development Bank	DM 300	1999	7 1/2	101.205	—	Reoffered at 99.93, Noncallable, Fees 1 1/2% (Deutsche Bank)
Belgium	DM 1,000	1999	7 1/2	101.27	—	Reoffered at 99.52, Noncallable, Fees 1 1/2% (Dresdner Bank)
Société Générale Acceptance	€120	1997	8 1/2	101.022	—	Reoffered at 99.877, Noncallable, Fees 1 1/2% (HSBC Markets)
Abbey National Treasury Services	FF 2,000	1996	7 1/2	99.96	—	Noncallable, Fees not disclosed (Paribas Capital Markets)
Sweden	FF 2,000	1996	7 1/2	100.83	—	Reoffered at 99.88, Noncallable, Fees not disclosed (Paribas Capital Markets)
Boyerische Hypotheken- und Wechsel Bank	DM 150,000	1996	11.10	101.075	100.50	Noncallable, Fees 1 1/2% (Istituto Bancario San Paolo di Torino)
DSI Finance	DM 150,000	1998	11	101.82	99.85	Noncallable, Fees 1 1/2% (Banca Commerciale Italiana)
Ford Credit Europe	DM 150,000	1998	11.70	101.54	99.30	Noncallable, Fees 1 1/2% (Credito Italiano)
Westdeutsche Landesbank	DM 150,000	1999	10 1/2	101 1/2	99.50	Noncallable, Fees 1 1/2% (Banca di Roma)
Crédit Local de France	FF 200	1997	6 1/2	100.838	99.30	Reoffered at 99.65, Noncallable, Fees 1 1/2% (Robabank)
Société Générale Austria	Aus 100	1997	9 1/2	100.924	99.40	Noncallable, Fees 1 1/2% (HSBC Markets)
New South Wales Treasury Corp.	Aus 100	1997	9 1/2	101.04	99.25	Noncallable, Fees 1 1/2% (Barclays de Zeeuwse Wed.)
Equity-Linked						
Yang Ming Marine Transport	\$160	2001	2	100	—	Redeemable at 123.16 in 1999 to yield 6.10%, Convertible at 7330.37 per share and at 7326.28 per dollar, Fees 2 1/2% (Barings Brothers Int'l)

BONDS: Recovery by Year's End Still Evades Market

Continued from Page 9

market share. For the year to date, the currency accounts for 17 percent of total business.

This avalanche is currency related. Japanese investors are shunning foreign investments after having lost considerably because of the yen's sharp appreciation.

The partial trade agreement between Washington and Tokyo announced over the weekend was unlikely to assuage investor fears that the yen's appreciation has run its course. Analysts said only sustained monthly declines in the size of the Japanese trade surplus would convince Japanese investors that the yen had topped out and it was safe to buy foreign-currency bonds.

Activity in the dollar market was sustained by a 26 percent quarterly increase in the sale of floating-rate paper, which pro-

jects investors against rising interest rates. For the year to date, dollar floating-rate notes totaling \$49.9 billion were sold, already exceeding the amount of paper issued in 1993.

Total volume in the dollar sector was \$37.6 billion, giving the currency a 36 percent share of business in the quarter.

Activity in Swiss francs more than doubled, compared with the previous quarter, but at the equivalent of \$6 billion, it was down 20 percent from the year-ago quarter.

The Swiss franc and the European Currency Unit — where volume remained a low \$1.7 billion — stood out as the only sectors where third-quarter new issues failed to keep pace with the amount of paper maturing in the period. The equivalent of \$6.3 billion of Swiss franc paper is estimated to have matured during the quarter. Redemp-

tions in Ecu are estimated at the equivalent of \$3.1 billion.

New issues in Deutsche marks, the equivalent of \$6.6 billion, were nearly unchanged from the previous quarter and put the mark in third place, with a market share of only 6.4 percent.

Sterling, with the equivalent of \$6 billion, displaced the French franc for the fourth-most-active currency with a market share of 5.8 percent. The franc tumbled to ninth place, a 3.4 percent share of the market with the equivalent of \$3 billion, trailing not only the Swiss franc but also the Italian lira, the Luxembourg franc and the Canadian dollar.

But for the year to date, the franc held a 6 percent share of the market and ranks as the fifth-most-active sector, behind the dollar, the yen, sterling and the mark.

GATT: EU Likely to Ratify Pact

Continued from Page 9

should withdraw its request for a court decision and agree to a code of conduct, but he added it was "difficult to imagine" the dispute would delay ratification beyond the end of the year.

Commission officials increasingly play down the dispute, however. They say they expect the court to rule mostly in their favor. Moreover, they say that any tough WTO negotiations are likely to follow the pattern of the final bargaining on the Uruguay Round, when EU foreign ministers met in almost constant session to monitor negotiations on farm issues and movies between

Sir Leon Brittan, the EU trade chief, and Mickey Kantor, the U.S. trade representative.

U.S. officials, meanwhile, said the decision Friday by Senator Ernest F. Hollings, Democrat of South Carolina, a staunch opponent of the trade accord, to permit a Dec. 1 vote was a good omen.

"We are certainly going to ratify by the end of the year," said Stuart E. Eizenstat, the U.S. ambassador to the European Union.

The GATT accord is known as the Uruguay Round because the negotiations for the agreement began in Montevideo in 1986.

British Women Trail Men in Pay

Continued from Page 9

LONDON — British women still only earn about three-quarters as much as men, despite almost 20 years of legislation aimed at achieving equality in the workplace, the Equal Opportunities Commission said.

The commission said that the average gross hourly wage for full-time female employees in 1993 represented only 79 percent of male earnings.

That was up from 71 percent in 1975, when Britain first passed equality laws, but the commission was not impressed.

Fed Has Eye on Wall Street in Rate Increases

By Keith Bradsher
New York Times Service

WASHINGTON — The decision by the Federal Reserve System's interest-rate policy committee on Aug. 16 to raise short-term rates by half a percentage point was unanimous and based partly on concerns that a smaller move

make the central bank look soft on inflation and send long-term interest rates higher as investors worried that inflation would erode their returns.

Marc Wanshel, an economist at J.P. Morgan & Co., said that this concern at the Federal Open Market Committee was significant because it meant the Federal Reserve Board might continue its apparent pattern since May of raising rates in half-point increments every two months.

"It would seem to suggest that when they move again, they'd go half a point," he said, predicting that the next move could come in October or, at the latest, at the policy committee's next meeting on Nov. 15.

The FOMC met Tuesday but adjourned without changing interest rates at all.

On Aug. 16, the committee raised its target for the federal funds rate to 4.75 percent from 4.25 percent. Banks pay the federal funds rate for overnight loans

from other banks, and the Fed indirectly controls this rate by buying and selling government bonds, thereby adding or subtracting from banks' reserves of lendable cash. The central bank had previously raised the federal funds rate by half a percentage point on May 17 and by a quarter percentage point each on Feb. 4, March 22 and April 18.

The Fed's concern about financial markets' reaction to a possible small increase on Aug. 16 irked Democratic members of Congress who have already been critical of rising rates.

"I think this just bears out and is confirmation of the view that the Fed is overly concerned about Wall Street's reaction and not concerned enough about what's happening on Main Street," said Senator Jim Sasser, the Tennessee Democrat who is the chairman of the Budget Committee.

Sung Sohn, the chief economist at Norwest Corp., said that the unanimity

on the final Fed vote probably reflected its members' desire to show a united front.

The decision to raise rates reflected a concern among many members of the committee that the economy was operating at full capacity, the summary said, so that any further increase in consumer and business spending might result in bidding up the price of goods.

Treasury bond prices fell in volatile trading last week. Despite a sharp gain on Friday, the yield on the benchmark 30-year Treasury bond rose to 7.82 percent at the end of the week, up from 7.79 percent the previous Friday.

[The market is repricing itself in response to statistics depicting much stronger economic growth than investors expected a couple of months ago. Knight-Ridder reported, and the September numbers that start to arrive next week are expected to confirm the economy's vigor.]

GATT Panel Backs U.S. In Car Feud

By Peter Behr
Washington Post Service

WASHINGTON — An international trade panel has rejected a European Union challenge to a key U.S. auto fuel economy law in a ruling hailed by Washington as a vindication of its support for an expanded global trade regime.

The ruling Friday by a three-member panel appointed under the General Agreement on Tariffs and Trade said that with one exception, two clean air laws regulating autos and an auto luxury tax were in compliance with world trading rules.

The one point on which the European challenge prevailed was the panel's finding that the method used to calculate penalties under the 1974 auto fuel economy standards discriminated against European carmakers.

U.S. Trade Representative Mickey Kantor said, however, that the United States did not have to change the underlying law, the Corporate Average Fuel Economy, or CAFE, standards, because the methodology had not directly injured the European manufacturers.

The case, brought by the European Union on behalf of its automakers, has been a focal point of the debate over the new global trade pact.

Ralph Nader, head of the Public Citizen organization and a prominent critic of the agreement, has warned that GATT "tribunals" acting in secrecy would strike down U.S. environmental and health standards, endangering the lives of U.S. workers and consumers.

The panel, whose members came from Switzerland, New Zealand and Brazil, ruled that the 1978 tax on low-mileage cars and a 1990 auto luxury tax applied to cars priced above \$32,000 did not discriminate against European carmakers.

The European Union had complained that the laws violated a basic GATT prohibition against discriminatory treatment of imports.

The ruling of the panel is not binding on other disputes, but Mr. Kantor said, "I would expect the panel's report to help steer the debate when GATT countries take up trade and environment issues under the new WTO."

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At a meeting chaired by Pierre Suard, the Board of Directors of Alcatel Alsthom, the Paris based telecommunications, power and transport equipment group, examined the group's audited report of activities and financial statements for the first half 1994.

1994 first half
Net results: FF 2 billion
Working capital provided by operations: FF 6.1 billion

The year 1994 has proved to be more difficult than was announced last January, despite the increase in the group's market share in Telecommunications, especially in the United States and in Asia; today, the outlook for the year 1995 is better.

Consolidated income statement (in FF million)	First half 1994	First half 1993	Full year 1993
Net Sales	78,079	73,628	156,334
Income from operations after financing	4,376	5,940	14,278
Net income	2,022	3,006	7,062
Working capital provided by operations	6,085	6,832	13,600

First Half 1994 net sales increased to FF 78.1 billion over the corresponding period in 1993. At a constant structure and excluding exchange rate fluctuations, the increase was 1%. This evolution is due, on one hand, to a weakening of sales in the Telecommunications sector resulting from the deregulation of the markets and the continuing economic recession in key countries where the group has major subsidiaries and, on the other hand, to a sustained growth of invoicing in the Energy and Transport sector which benefits from a healthy order backlog, as well as in the Battery sector which is the first to profit from the economic recovery.

Income from operations after financing amounted to FF 4.4 billion compared to FF 5.9 billion in the corresponding period in 1993.

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Herald & Tribune

The Week Ahead: World Economic Calendar, Oct. 3 - Oct. 8

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

- Oct. 3 Brisbane: Peter Barlett, chief executive of retailer Coles Myer, addresses Bull & Bear function sponsored by Australian Stock Exchange and Securities Institute of Australia.

Europe

- Oct. 3 Berlin: BMW Corp. in collaboration with China's State Planning Commission and the Ministry of Electronics Industry, hosts an information technology forum. Through Oct. 7.
- Oct. 3 Beijing: Singapore Minister Lee Kuan Yew speaks at the International Economic Forum, organized by the China International Trust & Investment Corp.
- Oct. 3 Hong Kong: H.K. Morgan Stanley, chief executive of Morgan Stanley Inc., talks to the American Chamber of Commerce in Hong Kong about how to keep on top of the global information explosion.
- Oct. 3 Hong Kong: Empress International shareholders' meeting to consider a board proposal to make a \$91 million Hong Kong dollar rights issue.
- Oct. 3 Tokyo: Machine tool orders for August. Kasai Lumber Plant day to apply for shares in new listing of the plantation company Laidang Perbadanan-PIMA Bhd.
- Oct. 3 Taipei: Consumer prices in September.
- Oct. 3 Bangkok: United Land PLC extrordinary shareholders' meeting to finalize a plan, approved by the board of directors, to raise more than \$4 billion through a combination of stock and bond sales.
- Oct. 3 Australia: Sydney: Securities Institute of Australia seminar. Topic: Investing in soft commodities.
- Oct. 3 Hong Kong: Turner Broadcasting System launches its TNT & Cario on Network in the Asia Pacific region.

Europe

- Oct. 3 London: Prime Minister Paul Hasting addresses Australian parliament for the Internet.
- Oct. 3 Hong Kong: Hong Kong Government's Secretary for Financial Services, Michael Carland, speaks at the Stock Exchange of Hong Kong's eighth anniversary reception.
- Oct. 3 Jakarta: Duta Peritah, a real estate company, offers 25 million shares for listing on the Jakarta stock exchange. The offering, underwritten by Malindo Securities, closes Oct. 5.
- Oct. 3 Tokyo: New vehicle sales for September.
- Oct. 3 Tokyo: Bank of Japan releases corporate service price index for August.
- Oct. 3 Sydney: Janet Holmes a Court, member of the board of the Reserve Bank of Australia, addresses Australian Chamber of Commerce.
- Oct. 3 Hong Kong: Former chairman of the U.S. President's Council of Economic Advisors, Murray Weidenbaum, talks to the American Chamber of Commerce in Hong Kong about the changing U.S. role in dealing with Hong Kong, China and the rest of southeast Asia.
- Oct. 3 Tokyo: Shares in Japan Tobacco to be

allotted by lottery to investors who have applied for an initial offering.

Europe

- Oct. 3 London: New Zealand gross domestic product for the April-June quarter. Expected to rise 1.5 percent in quarter for an annual rate of 1 percent.
- Oct. 3 Beijing: IBM Corp. in collaboration with China's State Planning Commission and the Ministry of Electronics Industry, hosts an information technology forum. Through Oct. 7.
- Oct. 3 Beijing: Singapore Minister Lee Kuan Yew speaks at the International Economic Forum, organized by the China International Trust & Investment Corp.
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- Oct. 3 Australia: Sydney: Securities Institute of Australia seminar. Topic: Investing in soft commodities.
- Oct. 3 Hong Kong: Turner Broadcasting System launches its TNT & Cario on Network in the Asia Pacific region.

Europe

- Oct. 3 Copenhagen: 2nd-quarter industrial production.
- Oct. 3 London: September provisional M-0 money supply. Forecast: Up 0.4 percent in month, up 0.3 percent in year.
- Oct. 3 Madrid: Barco begins \$1.048 billion rights offering.
- Oct. 4 Amsterdam: First-half trade statistics.
- Oct. 4 Brussels: September unemployment. Forecast: 14.6 percent.
- Oct. 4 London: August full money-supply statistics.
- Oct. 4 Luxembourg: European Union foreign ministers two-day meeting to discuss accession of East European nations to EU, economic strategy for the Ukraine and ratification of GATT trade talks.
- Oct. 4 IMF/World Bank annual meeting starts.
- Oct. 4 Brussels: Meeting of European Commission, the EU's executive. Frankfurt September unemployment figures. Earnings expected Bank of Scotland, Citi de Suiz.
- Oct. 4 Copenhagen: August unemployment data. Forecast: At 12.2 percent.
- Oct. 7 Amsterdam: September consumer price index. Forecast: Up 0.5 percent in month, up 2.5 percent in year.
- Oct. 7 Copenhagen: Second-quarter gross domestic product.
- Oct. 7 London: July balance of trade.
- Oct. 7 Zurich: September unemployment rate. Forecast: 4.4 percent.

Europe

- Oct. 3 Buenos Aires: September inflation figures. Outlook: Increase.
- Oct. 3 Philadelphia: Shimon Peres, foreign minister of Israel, speaks at the Wharton School of the University of Pennsylvania on achieving a Middle East Common Market.
- Oct. 3 Earnings expected: Advanced Micro Devices.
- Oct. 4 Washington: August leading economic indicators.
- Oct. 4 New York: 11th annual Unix Expo featuring a retail software outlet store and more than 400 exhibitors displaying computer hardware, software and services. Through Oct. 8 at Jacob Javits Convention Center.
- Oct. 4 Broadcasting & Cable sponsors "Interzone '94," a telecommunications conference with telecommunications lawmakers, regulators and industry leaders.
- Oct. 4 Washington: August factory orders.
- Oct. 4 Washington: September chain store sales.
- Oct. 4 Sao Paulo: Initiation for September. Outlook: Drop to less than 1 percent.
- Oct. 4 Peru: Peru's government to set copper company Peru Tintaya. Outlook: 22 companies have entered the bidding process for Tintaya, which has a minimum price of \$115 million.
- Oct. 4 Washington: The Labor Department reports initial weekly state unemployment compensation insurance claims.
- Oct. 7 Washington: September employment report.
- Oct. 7 Washington: Commerce Department reports August wholesale trade.
- Oct. 7 Washington: The Federal Reserve Board reports August consumer credit.
- Oct. 7 September labor force survey.
- Oct. 7 Buenos Aires: August trade figures. Outlook: The trade deficit is expected to widen.
- Oct. 7 Buenos Aires: Subscription period ends for initial public offering of 45 percent of Argentine construction contractor Dragados y Construcciones Argentina SA.
- Oct. 8 New York: American Bankers Association annual convention begins.
- Oct. 8 Washington: August trade figures. Outlook: The trade deficit is expected to widen.
- Oct. 8 Santiago: Chile's private industry group Sofota releases industrial production figures for August.

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ENCOURAGING OUTLOOK IN FACE OF INCREASING COMPETITION

The expansion of capital markets and the changing demands of customers mean that banks in the Arab world are meeting new challenges.

Some Arab banks and financial institutions will face a more competitive environment in the next year as a result of the expansion of capital markets and the growing sophistication of their customers. Saudi banks may find their year-end results are adversely affected by the current liquidity squeeze, but the prospect of reconstruction and reforms in countries such as Lebanon, Jordan and Syria should help to increase inflows to their domestic banking networks.

So far this year, two of the Gulf's largest banks, the Arab Banking Corporation (ABC) and Gulf International Bank (GIB), both based in Bahrain, have reported steady earnings. ABC's pre-tax profits rose to \$79 million in the period from January to June, compared with \$74 million in the first half

of 1993. Assets at the end of June amounted to \$19 billion, compared with \$18.4 billion at the end of December. The figures include results from its Madrid-based subsidiary, Banco Atlantico, and its wholly owned subsidiary, ABC International, in Britain.

GIB, whose parent company is the Kuwait-based Gulf Investment Corp. (GIC), recorded a net income after tax of \$37.7 million in the first half of this year, slightly down from the \$38.8 million earned in the same period in 1993. Total assets, however, were up by just under 5 percent, to \$7.1 billion.

"Our core business is continuing to develop most positively, and the outlook is encouraging," says the GIB general manager, Ghazi Abdul Jawad. GIC is owned by

the governments of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. In addition to offices in the UAE and Oman, GIB operates in London, New York and Singapore.

Assets marginally lower
In Saudi Arabia, results show a confused picture but have belied some of the more pessimistic predictions that prevailed earlier this year as a result of the fall in world oil prices. Riyadh Bank and the Arab National Bank (ANB) showed declining profits for the January-June period. Riyadh Bank's net earnings fell 12 percent, to \$100 million. Its assets, however, were only marginally lower than the \$14 billion recorded at the end of December.

Banking and Investment Corp., Saudi American Bank (SAMBA) and the Saudi Investment Bank (SIB) all reported improved earnings in the first half of this year. Al Rajhi's rose 16 percent, to \$116 million, while SAMBA's were up 11 percent, to \$139 million. SIB reported an even more impressive increase of 22 percent, to \$10.4 million.

Saudi British Bank's net profit remained steady at \$52 million, as did that of Saudi French at \$47 million and Saudi Holland at \$25 million.

In 1993, the Saudi banking sector formed one of the most buoyant in the region, with both profit and balance sheet results setting new records. The combined assets of the 12 commercial banks amounted to \$81 billion at the end of December.

Of this, foreign assets alone accounted for \$30 billion. The share of foreign assets could rise still higher in the coming months, analysts note, especially if U.S. interest rates rise. Moreover, several Saudi banks are already concerned about their large stock of government debt and the decline of lending opportunities to local companies.

New outlets for funds

Elsewhere in the Arab world, the opening of a secondary market for Treasury bills in Lebanon is expected to provide new outlets for funds in the domestic banking system and to further stimulate the return of private capital to Lebanese banks. A gradual strengthening of the Lebanese pound this year has already led to a slight fall in foreign currency deposits. In the longer term, the government in Beirut hopes to develop a fully functioning capital market and, once the necessary legal framework is in place, a stock exchange. In the longer term, the government in Beirut hopes to develop a fully functioning capital market and a stock exchange.

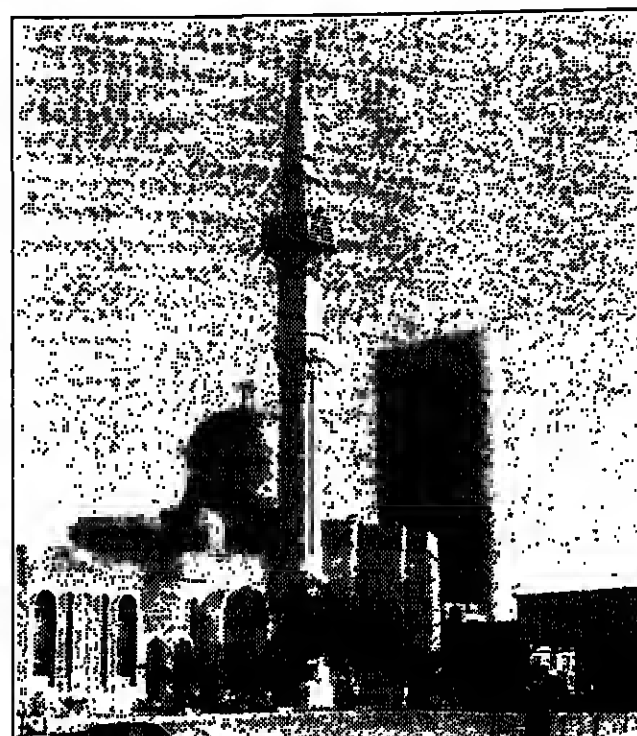
Banks and financial institutions in Jordan are gearing up for new investments in the West Bank following King Hussein's agreements with the Palestinians and with Israel. "Jordan will have a small window for ex-

ports into the territories," says Basil Jardaneh, managing director of the Jordan Investment and Finance Bank. Altogether, it is estimated that exports from Jordan to the West Bank could rise from nil to up to \$200 million a year, thereby providing substantial new trade financing opportunities for Jordanian banks.

In Syria, the country's five commercial banks, all state-owned, are being modernized and equipped with computerized facilities. Speculation is rife that the government may consider allowing private and foreign interests into the sector, probably in the form of joint ventures, to encourage access to advanced technology and management training. Plans have also been floated to set up a stock exchange in Damascus, but no formal announcement is expected for some time. Without improved mechanisms for capital market transactions, analysts say, the repatriation of capital for local investment is likely to remain small despite the growing political optimism.

Throughout the Arab world, pressure on banks is increasing because commercial institutions now provide their customers with such things as automated teller machines and credit cards. State-owned banks may find it necessary to merge to remain competitive.

Pamela Ann Smith



Next to each other in Kuwait City, a mosque and a banking tower.

'TO BUY OR NOT TO BUY...'

Decisions in Bahrain have led to \$6 billion acquisitions.

On January 17, a group of people will gather for a three-week brainstorming session in Bahrain. Seated around a horseshoe-shaped table in the conference room of a stark commercial bloc, they will represent the crème de la crème of Arab merchant banking. Headed by Nemir A. Kirdar, president and chief executive officer of Investcorp, they will be facing a tough question: "To buy or not to buy?"

Founded in 1982, Investcorp, an international investment bank with offices in Bahrain, London and New York, is a hybrid investment operation formed principally to meet the needs of high net worth investors and institutions in the Gulf. Many of its directors and founder shareholders are top Gulf business leaders and entrepreneurs.

It is one of the longest-surviving private investment operations in the Gulf and has a unique record. Its success can be measured by the 26 percent return its 10,000 investors have received from its \$6 billion worth of acquisitions. Most of these are in high-profile brand names and companies famous throughout the world — Tiffany's, Saks Fifth Avenue, Gucci, Camelot Music, Mondri and Breguet.

The company focuses on three main lines of investments — real estate, proprietary trading and corporate investments. The questions facing the men around the horseshoe table will be whether to buy a particular company or to sell an existing holding.

Capital for expansion

The architect of Investcorp's strategy is Iraqi-born Mr. Kirdar who, according to some of his colleagues, prods and cajoles his lieutenants into coming up with the right ideas. "But he is himself a true visionary and is always asking where the company is going to be in five or six years," says one of his colleagues. When the company is seeking new investments, it is easier to say what he is not interested in — high-tech companies, venture capital ideas, publishing and the media, energy and defense.

"What we are looking for are companies with good cash flows and good strong management that are starved for capital for expansion," explains a director at the London office. "We are perhaps opportunistic," he adds.

To some extent, Investcorp acts as a company doctor. A classic example is its acquisition of the Peabody department store chain in 1986 for \$85 million. Four years later, it sold the chain for \$160 million.

So far, Investcorp has sold off about 20 of the 48 companies and real estate investments it has acquired since it was founded. These include Club Car Inc. of Georgia, Sports & Recreation Inc. of Florida and Tiffany & Co., the New York jewelry retailer.

Monitoring a business

In a recent interview with CNN television, Mr. Kirdar explained how his management philosophy works after a company has been acquired. "We monitor, and we work with the management. We don't mar the business. Businesses are managed by the companies themselves. When we start up this investment, management gives us a business plan and says that it is going to be over a three to five year period so that we can take the company public. So long as they are on plan, they have all our support in order to reach that goal. Should they not be on plan, we always go in and look closer to see what went wrong."

The overall objective is to increase the added value of the acquisition and to provide strategic advice and financial expertise for a period up to 10 years. Then, if the company appears to be on a sound footing, Investcorp decides whether or not to sell it off.

In 1993, Investcorp, which is quoted on the Bahrain Stock Exchange, achieved record earnings of \$67.3 million. Based on the market value of its shares at the end of 1993, invested capital for its shareholders has generated an annual return of 26 percent.

Michael Frenchman

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BANKING AND FINANCE IN THE ARAB WORLD

ISLAMIC LINKS LEAD TO MORE PROFITS

Catering to both spiritual and monetary needs.

Western banks are on the defensive as the rising tide of Islamic banking and finance begins to lap against their walls. Many find it difficult to comprehend the concept of banking without interest (*riba*), one of the basic principles of the Islamic law (*sharia*), and they are apprehensive about it.

In the last two or three years, Islamic banking has made rapid strides in financing a spread of deals, from power stations and dams to the purchase of jetliners for Gulf airlines. Not all such financing is limited to Islamic sources, but it has often been done by them on more favorable terms than could be offered by conventional banks.

Islamic banking is the fastest-growing sector of the Arab banking world, and it is not confined to Arabia and North Africa. It is also found in Sudan, Iran, Pakistan, Southeast Asia and the emerging Islamic states that were once part of the former Soviet Union. The combined market potential for Islamic banking is conservatively estimated at about \$500 million, and the total amount of funds under Islamic control is expected to reach \$100 billion in the next two years, according to Mohammed E. Al-Shroogi, regional manager of Citibank in Bahrain.

"From our contacts in the Islamic world, we feel that there is a definite upward trend in Islamic financial activity," says a senior manager at the Faysal Islamic Bank of Bahrain. The spread of fundamentalism has also been seen as a boost for Islamic banking, which seeks to serve both the spiritual and monetary needs of its investors. These criteria can never be met by conventional banks.

"Unfortunately, conventional banks will always fail in the spiritual area," comments Salah Al Nafisi of the Kuwait-based International Investor, a new player in the Islamic finance field. Nevertheless, a few traditional banks have begun to take action by attempting to link up with Islamic institutions and sharing expertise. Likewise, some Islamic institutions see themselves as conduits for funds from conventional banking systems. "We can channel funds by linking ourselves with conventional Western banks," says Hamed Al-Bader of Kuwait Finance House, one of the biggest Islamic institutions.

Specialized in-house sections

Merchant banks such as Kleinwort Benson, Goldman Sachs and Midland Montagu have been among the first of the conventional banks to realize the potential of Islamic finance instead of regarding it as a threat. All now have specialized in-house Islamic banking sections.

The largest Islamic bank is the Saudi Arabia-based Al-Rajhi Banking & Investment Corp., which has assets of nearly \$8 billion. Next in terms of assets are Kuwait Finance House (\$3.8 billion) and Dubai Islamic Bank (\$1.5 billion). Other major players are the Geneva-based Dar Al Maal Al Islami Group, which has several affiliates, including the Islamic Bank International of Denmark; Faisal Finance; and Faysal Islamic Bank of Bahrain, which has assets of more than \$270 million. Faysal Islamic Bank has taken part in about 20 syndications totaling more than \$2 billion since it began in 1982.

One of the oldest established Islamic finance groups is Dallah Albaraka, whose investment company was founded by Sheikh Saleh Kamel in 1982. The group as a whole has assets of more than \$6 billion. Dallah Albaraka has launched a number of real estate and other investment funds based on Islamic principles, including one for the reconstruction of Lebanon.

Bahrain has become an important center of Islamic finance, with more than a half-dozen Islamic banks and investment houses established there. Gulf Investment Bank has an active Islamic unit.

Mr. Nafisi of the International Investor of Kuwait spent a number of years working for a merchant bank in New York and feels that there should be closer links with conventional banks so that each can benefit from the other's expertise and share the risks in financial packages. Islamic banking deals such as "*ijaras*" (lease-backs), can provide returns of up to 40 percent, according to Mr. Nafisi. M.F.

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EGYPTIAN BANKS SEEK NEW OUTLETS

Competition is keen among the country's 60 banks, and mergers are possible.

Egypt's banking sector is undergoing a process of rapid change as a result of the economic reform program under way. Competition is keen, equity and reserves are being increased and mergers of some of the country's more than 60 commercial banks are likely, as is privatization of the four big state-owned concerns. Uncertainty about future exchange and interest rates also prevails.

For the immediate future, the main priority is finding suitable investment outlets for the flood of cash that has found its way into the banking system as a result of the strength of the Egyptian pound and high interest rates. The repatriation of capital by Egyptians working abroad began during the Kuwait crisis in 1990, and it has reached new levels as a result of the growing opti-

mism about the economy. According to some analysts, excess liquidity in the banking system amounts to as much as \$1.3 billion.

Institutions such as the National Bank of Egypt (NBE), Banque Misr and the Bank of Alexandria — all state-owned, and Egyptian American Bank (EAB) are responding by launching new mutual funds aimed at channeling investments into securities and the stock market. NBE's offering, a \$30 million open-ended capital gains growth fund, was two and a half times oversubscribed when it closed at the end of August.

Privatization program

Others are hoping that the government's privatization program and the revitalization of the stock exchanges in Cairo and Alexandria will help to mop up the excess

cash. Although complaints continue about delays in the state sell-offs, bankers report an apparent change of policy in the past few months.

Government shares in the state-owned institutions, which include Banque du Caire as well as NBE, Banque Misr and the Banque of Alexandria, are due to be privatized later next year.

Meanwhile, their holdings in several important joint ventures, such as EAB — whose partners are the Bank of Alexandria and the American Express Bank — are expected to come to market first. Sale of these more attractive assets would help to boost the balance sheets of the big four and thereby make them more successful candidates for privatization later.

Other government-owned entities, such as the Arab In-

ternational Bank (AIB), whose shareholders include several Arab governments as well as Egypt, have increased their capital and are seeking to play a larger role in project and trade finance.

Commercial International Bank (CIB), one of the most successful in the country, reported a 41.5 percent rise in its net profits during the first half of this year, to \$26.1 million, compared with the same period in 1993. Its shareholders include NBE (42 percent), the Washington-based International Finance Corporation (5 percent) and the Arab Investment Company (TAIB) of Riyadh (27 percent) as well as individual investors, many of whom purchased their shares when the government sold part of its holdings on the Cairo stock exchange last year.

P.A.S.

STOCK EXCHANGES LOOK OVERSEAS

Collective instruments for investment are launched.

Fueled by the prospect of substantial privatization, stock markets in the Arab world are continuing to attract funds from global investors as well as from those closer to home. Nevertheless, progress on creating regional links between the exchanges remains slow.

Morocco and Tunisia have led in terms of attracting inflows destined for emerging markets, but other countries, such as Egypt, Jordan, Lebanon, Bahrain and Oman, have also increased their turnover. Even the Saudi Arabian exchange, hit by a 25 percent downturn earlier this year, has remained steady in the wake of government statements in May promising progress on state sell-offs.

Exchanges in Morocco, Tunisia, Egypt and Jordan are open to foreign investors, while those in Saudi Arabia, Kuwait and Oman allow funds from other Gulf nationals. Non-Bahraini participation is allowed for four stocks in Bahrain. London-based financial advisors Blakeney Management expect that within the next three years 13 Arab markets will allow foreigners some access, not least because of the need to develop capital markets if privatization programs are to succeed. "This is the last pool of undiscovered equities in the old free world," said one official.

Rise in prices

During the first half of this year, the index for the Tunis bourse grew by 41.2 percent, according to the British weekly Middle East Economic Digest. The Casablanca Finance Group index in Morocco was up 34.6 percent, while the Muscat Securities Market in Oman rose 16.9 percent.

About 1,100 banks and companies in the region trade their shares, and the total capitalization is some \$50 billion.

The state of activity has led to the creation of new collective instruments for investment. In North Africa, the London-based Framlington Group, whose parent company is Crédit Commercial de France, launched its \$30.5 million Maghreb fund in Dublin in early September. LCF Edmond de Rothschild Securities acted as lead manager. Barings Securities and Citicorp Scrimgeour Vickers International, along with Rothschild, will maintain markets in the fund.

In June, U.S. and French banks, including Bank of America, Citicorp, Mellon Bank and Crédit Lyonnais, began marketing a \$500 million investment fund that is to take equity stakes in Gulf companies. The fund matures in 10 years.

First of its kind

In Bahrain, the Bahrain Middle East Bank was planning to launch a variable capital investment fund by early October, the first of its kind in the country. The Proinvest BMB will be a closed-end company with authorized capital of \$60 million and will be listed on the Bahrain exchange for investment by resident foreigners and Gulf nationals. Another equity fund is being launched on the Kuwait Stock Exchange by The International Investor.

Earlier this year, Blakeney set up the \$52 million Oryx Fund in Muscat, the only vehicle currently open to foreign participation in Oman. In April, Salomon Brothers of the U.S., together with Omnium Nord Africain of Morocco, established a \$60 million Morocco Fund. Framlington, along with the Egyptian Financial Group and other investors, is involved in the new Egypt Fund Management Group, which is directing funds into the Cairo stock market. P.A.S.

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COPPER: An Omen for the Dow?

Continued from Page 9

the commodity with the largest speculative following," he explained.

All that demand has led to what commodities traders call backwardization — a fancy word that is used when spot prices of a metal today are higher than those of the same metal in the futures market.

Metals prices in a bull market would seem naturally to be higher in the futures market, which reflects price expectations months ahead, than the current spot price. But when there are shortages, the so-called nearby spot price can wind up higher than that of the futures — a backwards way for things to be.

It causes refiners and extractors of copper to gear up to produce more of the metal, explained Mr. Leuthold. "So four or five months from now, there will be more production on stream after producers decide they can make money even on more expensive refining processes," he said.

But for now, the actual metal available for delivery is in short supply, making spot prices unusually high.

Copper's popularity may derive from international considerations that have no direct effect on American stocks, said Mr. Williams. But the same international expansions that are affecting copper's price might have their own effects on U.S. financial markets, he added.

Mr. Williams's guess is that Third World expansions will be funded largely by borrowing from developed countries, and that, of course, means "the price of money goes up" with the consequent ill effects on Wall Street.

But that does not support a theory that directly ties the action in copper to the action in the Dow, say analysts. "Correlation doesn't necessarily imply causation," said Steve Hanke,

professor of applied economics at Johns Hopkins University, who said he remembers hearing the "copper rallies lead to Dow declines" theory after the 1987 stock market collapse.

"Storks do land on houses in Europe that have newborns in the house, but that doesn't mean they delivered the babies," Mr. Hanke said. More likely the storks like the warm chimneys of families trying to keep the house warm.

"It is really true," he insisted. "You always find storks on chimneys of houses with newborns." Which may be a tidbit more useful than that of the copper-leads-to-Dow declines theory.

Euromarkets At a Glance

Eurobond Yields

U.S. 10-year term	7.99	7.99	7.99	6.21
U.S. 5-year term	7.27	7.28	7.28	5.45
U.S. 3-month term	7.00	6.92	7.00	4.80
French 10-year term	6.37	6.16	6.24	5.87
French 5-year term	5.79	5.71	5.79	5.21
French 3-month term	5.12	5.12	5.12	4.71
German 10-year term	6.29	6.10	6.29	5.81
German 5-year term	5.74	5.68	5.74	5.31
German 3-month term	5.12	5.12	5.12	4.71
Italian 10-year term	6.37	6.16	6.24	5.87
Italian 5-year term	5.79	5.71	5.79	5.21
Italian 3-month term	5.12	5.12	5.12	4.71
Spanish 10-year term	6.37	6.16	6.24	5.87
Spanish 5-year term	5.79	5.71	5.79	5.21
Spanish 3-month term	5.12	5.12	5.12	4.71
Swedish 10-year term	6.37	6.16	6.24	5.87
Swedish 5-year term	5.79	5.71	5.79	5.21
Swedish 3-month term	5.12	5.12	5.12	4.71
Belgian 10-year term	6.37	6.16	6.24	5.87
Belgian 5-year term	5.79	5.71	5.79	5.21
Belgian 3-month term	5.12	5.12	5.12	4.71
Dutch 10-year term	6.37	6.16	6.24	5.87
Dutch 5-year term	5.79	5.71	5.79	5.21
Dutch 3-month term	5.12	5.12	5.12	4.71
Austrian 10-year term	6.37	6.16	6.24	5.87
Austrian 5-year term	5.79	5.71	5.79	5.21
Austrian 3-month term	5.12	5.12	5.12	4.71
Portuguese 10-year term	6.37	6.16	6.24	5.87
Portuguese 5-year term	5.79	5.71	5.79	5.21
Portuguese 3-month term	5.12	5.12	5.12	4.71
Irish 10-year term	6.37	6.16	6.24	5.87
Irish 5-year term	5.79	5.71	5.79	5.21
Irish 3-month term	5.12	5.12	5.12	4.71
Greek 10-year term	6.37	6.16	6.24	5.87
Greek 5-year term	5.79	5.71	5.79	5.21
Greek 3-month term	5.12	5.12	5.12	4.71
Japanese 10-year term	6.37	6.16	6.24	5.87
Japanese 5-year term	5.79	5.71	5.79	5.21
Japanese 3-month term	5.12	5.12	5.12	4.71

Source: Reuters, London Stock Exchange.

Weekly Sales

Category	Week	Week	Week	Week
Books	14,500	14,500	14,500	14,500
Magazines	14,500	14,500	14,500	14,500
CDs	14,500	14,500	14,500	14,500
Records	14,500	14,500	14,500	14,500
Video	14,500	14,500	14,500	14,500
Software	14,500	14,500	14,500	14,500
Hardware	14,500	14,500	14,500	14,500
Peripherals	14,500	14,500	14,500	14,500
Services	14,500	14,500	14,500	14,500
Other	14,500	14,500	14,500	14,500
Total	14,500	14,500	14,500	14,500

Source: Euromarkets, London.

Libor Rates

U.S. 1-month	5.12%	5.12%	5.12%
U.S. 3-month	5.12%	5.12%	5.12%
U.S. 6-month	5.12%	5.12%	5.12%
U.S. 1-year	5.12%	5.12%	5.12%
U.S. 2-year	5.12%	5.12%	5.12%
U.S. 3-year	5.12%	5.12%	5.12%
U.S. 4-year	5.12%	5.12%	5.12%
U.S. 5-year	5.12%	5.12%	5.12%
U.S. 10-year	5.12%	5.12%	5.12%
U.S. 20-year	5.12%	5.12%	5.12%
U.S. 30-year	5.12%	5.12%	5.12%
U.S. 40-year	5.12%	5.12%	5.12%
U.S. 50-year	5.12%	5.12%	5.12%
U.S. 60-year	5.12%	5.12%	5.12%
U.S. 70-year	5.12%	5.12%	5.12%
U.S. 80-year	5.12%	5.12%	5.12%
U.S. 90-year	5.12%	5.12%	5.12%
U.S. 100-year	5.12%	5.12%	5.12%

Source: Reuters, London.

Business Message Center

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NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, Sept. 30.

Stocks	Day	Yr	100	High	Low	Chg
Alcoa	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0

Source: Reuters, London.

Continued on Page 15

Stocks	Day	Yr	100	High	Low	Chg
Alcoa	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0
Amgen	27	23	100	100	100	0

Last Week's Markets

Stock Indexes	Sept. 23	Sept. 23	Chg
DJ Index	3843.19	3843.19	+0.20
NYSE	1471.41	1471.41	+0.20
AMEX	428.17	428.17	+0.20
S&P 500	462.71	462.71	+0.20
Nikkei 225	19563.81	19563.81	+1.36
FTSE 100	3024.30	3024.30	+0.04
DAX	2011.75	2011.75	+0.20
Hang Seng	9231.34	9231.34	+1.15
ASX	627.26	627.26	+0.25

World Index From Morgan Stanley Capital Intl.

INTERNATIONAL RECRUITMENT

You will find below a listing of employment offers published in last Thursday's International Herald Tribune

POSITION	COMPANY	CONTACT
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Director of Marketing, Europe	The Company is the World Leader in electrical/electronic connection devices	IHT, Box 828 Via Cassola 6 20122 Milan, Italy.
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LANGUAGE

Processing War, Peace and Cheese

By William Safire

WASHINGTON — We never heard the long hoo-ha threatening an invasion of Haiti described as a war process. Why not? Certainly every other procedure and proceeding — all from the Latin *procedere*, "to go forward" — in today's diplomacy has been so expressed. *Negotiation* is out; *process* is in.

We have, of course, the *peace process*, now applied mainly to the Middle East. In Peter Rodman's forthcoming history of the Cold War, "More Precious Than Peace," we have a reference to the *negotiating process* in Angola, as if this longtime Kissinger aide does not want to overdo the phrase made famous by his former boss in 1974.

According to another of Henry's helpers, Harold Saunders, the shorthand expression *peace process* was chosen then because it "encompasses a full range of political, psychological, economic, diplomatic and military actions woven together into a comprehensive effort to establish peace between Israel and its neighbors."

The pull of *process* is powerful in other disciplines as well. Shakespearean commentator Helen Vendler, in a recent report to the American Academy of Arts and Sciences, observed, "I processed the sonnets differently from most other people." (Most of us read those sonnets along a "static axis of similarity," but she hangs them together "along a dynamic curve of inner emotional evolution," which I suppose in the sessions of sweet silent thought beats comparison to a summer's day.)

In context, her use of the verb *process* suggests the meaning of putting the information through a mental process, or "to work it out in your head."

In this sense of putting something through a kind of grinder or mixer, it is also possible to *process* meat and cheese. In *processed* cheese, the food is heated

and blended, often with other cheeses and flavorings; in the usage process, the *-ed* was clipped, and we now have *process cheese*.

Copywriters for bank advertising are part of the process process: "Our investment consultants simplify the often mystifying process of allocating your assets," says Chemical Bank's demystifiers, while NationsBank, which styles itself NationsBank, advertises classes to "help you understand the approval process."

The noun has a grand history. "Without process of law" (leading to *due process*) made its debut in a political song before 1325, and Shakespearean analysts have long processed how in "Hamlet" Polonius tells King Claudius, "Behind the arras I'll convey myself / To hear the process."

A later verb sense of "to treat or handle by procedure" led to the modern sense of developing pictures as *film processing*. Art that concerns itself with acts — like spreading a floor with sawdust to be disturbed by the viewer's feet — was called *process art* in the '60s. In the same sort of way, a computer's ability to examine or analyze what passes through was called in 1970 *processing data*.

Those who expect a snapper of an ending to this item using *word processor* will be let down; I did it with a quill pen.

Have you ever called a toll-free 800 number in the United States? If so, you have committed a redundancy: all 800 numbers are toll-free. You either make a toll-free call or call an 800 number, not both.

Does this mean the call is for free? Aha! I have just committed a jocularism, which is a word or phrase intended to be an amusing error that is taken up as accurate by the unwary. The classic example is *irregardless*, a jocular dialect play dating back

to 1912 on *irrespective* and *regardless*; it's a joke, not a word.

What are we to do with a more insidious jocularism, for free? A couple of years ago, when the actor Cliff Robertson was the pitchman for AT&T (which has now dropped its periods in an effort to expunge the word *teleglyph*), copywriters frequently had him offering inducements "for free."

The construction is based on a redundancy, which I remember from the '30s: "I'll give it to you *free for nothing*." Something is either *free* or *for nothing* — not both. Putting them together was done facetiously, but it led in the early '40s to *for free*.

Ever since, learned usagists have been pulling chains over the phrase; is it a useful synonymous phrase for the formal *without charge*?

I think not. If you mean *for nothing*, or want to slam home your point with *at no cost to you*, say so. Or, if you like the word *free*, use it freely, but without the unneeded *for* preceding it. *Free of cost* is not exactly redundant, but you can do without the *of cost*; same with *cost-free*. For sheer persuasive power, nothing beats the unadorned *free*.

If you are impelled to pick up *for free*, use it in the knowledge that it is a jocularism and may be taken by your listeners to be Standard English, which it is not. The usage is akin to *free gift*, which is rightly a target of the shock troops of the Lexicographic Irregulars who call themselves the Squad Squad.

Its members have already made their choice for Redundancy of the Year. When Representative Mel Reynolds of Illinois was met to be charged with having had a sexual relationship with a minor, he called a news conference to denounce his accuser as an "emotionally disturbed nut case."

New York Times Service

Prada Turns Minimalism Into Art Form

By Suzy Menkes

International Herald Tribune

MILAN — Nothing in Italian fashion seems certain but death. At the start of the international collections in Milan, the sturdy black nylon bag now seems more than a badge of belonging to the fashion flock. It has come to symbolize the discreet, sober and elegant side of this Janus-faced city.

A mop of marmalade hair, curvaceous clothes, a flashy smile and purse to match is the caricature of Milanese

aspect of traditional workmanship with nylon," she says. "At the beginning it didn't sell at all. But when I have a strong feeling that something is good, it stays."

The rest is fashion history, because the nylon bag cast its shadow over the ostentatious 1980s, first as the shoulder bag or backpack of fashion professionals, then as the working person's favored tote bag. It was the starting point for relaunching Prada, founded in 1913. Bags and accessories are now over 50 percent of the business, with shoes at 23 percent and clothing at 25 percent.

Although Prada's minimalism is treated like a Zen Buddhist religion by fashion acolytes, Prada herself is down to earth. She is interested in the "technical revolution" that can give a new aspect to a traditional product and make it modern. Hence the nylon challenge to family leather businesses in which both she and her husband were entrenched, even before he became her business partner. With 46 shops across the world, she now has to offer more than what she herself wants, although everything must always confirm to her own taste.

"When I started I did what I like," she says. "As the work started to grow I was pushed to do 'salable' items — this I really hate. I suffer when I see something with a Prada label that I don't like. So I try to do it in a Prada way that is not crazy, but acceptable."

That may be a simple dress in a fine fabric (never in pinstriped men's suiting) that reflects her personal point of view that clothes should emphasize the "sensual charming aspects of a woman, but a big emphasis on sexy is not my personality." Or it may be the Miu Miu line of ebullient clothes that draw on her youth, when she wore Pire Cardin jumpsuits, miniskirts and hippie styles that were "very eccentric for Milan."

The Prada philosophy fits the (fairly expensive) bill for the 1990s shopper who aspires to be a connoisseur of good things, rather than an avid consumer of status symbols. It is also politically right on for Milan fashion right now.



Designer Miuccia Prada and her classic black nylon bag.

Tastemakers

An occasional series about people for whom style is a way of life

chic. Miuccia Prada's style is the opposite — more Bauhaus than whorehouse. The bags and shoes that form the basis of the 202 billion lire (about \$130 million) empire are about form and function. The clothes collection, launched five years ago, is spare and linear. And the woman herself has a noble, unadorned face and wears simple dresses that seem to reach back to an earlier era of Italian elegance.

"Understated style is very Milanese. The important families have always kept a super-low profile," says Prada. "Milan has a strong tradition of design, music and art. What happened was a lot of new industry that gave a new kind of richness with no culture, and a political situation that gave a bad turn to Milan."

The bag on which Prada built its modern reputation was designed in 1978. It was a gesture flung into a fashion world that was about to start on its giddy merry-go-round of glitzy style and conspicuous consumption.

The plain black bag in an industrial nylon fabric (a small logo came later) was not a conspicuous success. But then, as now, or in her earlier incarnation as a student of political science, wearing hippie clothes and supporting the Communist Party, Prada, 44, was sure of her own taste.

"I felt it was a modern bag that I wanted to have. I liked its industrial

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Europe	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	22/18	16/11	5/2	22/18	16/11	5/2	22/18	16/11	5/2
Amsterdam	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Athens	25/20	15/10	5	25/20	15/10	5	25/20	15/10	5
Berlin	16/11	6/1	1	16/11	6/1	1	16/11	6/1	1
Bombay	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Buenos Aires	16/11	6/1	1	16/11	6/1	1	16/11	6/1	1
Calcutta	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Cairo	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Chennai	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Colombo	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Delhi	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Dubai	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Edinburgh	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Frankfurt	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Geneva	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Helsinki	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
London	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Madrid	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Munich	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Nairobi	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Paris	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Rome	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Stockholm	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Taipei	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Tokyo	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Yokohama	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Zurich	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1

Legend: s=sunny, p=partly cloudy, c=cloudy, sh=showers, t=thunderstorms, r=rain, sn=snow, b=blizzard, m=moderate, l=light, w=windy. All maps, forecasts and data provided by Accu-Weather, Inc. © 1994

Asia	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Bangkok	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Beijing	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Bombay	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Calcutta	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Chennai	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Colombo	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Delhi	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Dubai	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Edinburgh	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Frankfurt	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Geneva	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Helsinki	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
London	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Madrid	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Munich	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Nairobi	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Paris	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Rome	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Stockholm	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1
Taipei	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Tokyo	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Yokohama	25/13	16/11	5	25/13	16/11	5	25/13	16/11	5
Zurich	12/10	7/4	1	12/10	7/4	1	12/10	7/4	1

North America
Chilly air will spread across Chicago and the rest of the Midwest Tuesday and Wednesday. New York City will have sunshine Tuesday, but could also be a shower Wednesday through Thursday. There could be showers in San Francisco Tuesday.

Europe
Rainier chilly weather will prevail from London to Amsterdam to Frankfurt and Warsaw Tuesday through Thursday. There could be a shower either day. Rainier cool Tuesday through Thursday in Berlin and Warsaw. Chilly weather will prevail from London to Madrid for the middle of the week.

Middle East
Chilly air will spread across the Middle East Tuesday and Wednesday. There could be a shower either day. Rainier cool Tuesday through Thursday in Berlin and Warsaw. Chilly weather will prevail from London to Madrid for the middle of the week.

Latin America
Chilly air will spread across the Latin America Tuesday and Wednesday. There could be a shower either day. Rainier cool Tuesday through Thursday in Berlin and Warsaw. Chilly weather will prevail from London to Madrid for the middle of the week.

POSTCARD

Parts of a Sunken Treasure Surface — in Scarsdale

By Raymond Hernandez

New York Times Service

SCARSDALE, New York — Meticulously scouring the ocean floor, James Sinclair and a band of divers found their fortune in a sunken Spanish galleon off the Florida Keys. But nine years later, many of them are still trying to cash in on that historic find. "The question is what do you do with the treasure once you've found it?" Sinclair said. "You can't put a down payment on a house or buy anything else with pieces of eight."

So the adventurers brought some of the buried treasure to Scarsdale, an upscale village that seemed a good spot for selling some of the loot. By the time the collection was unveiled at Wilson & Son Jewelers on Chase Road, the store resembled a museum gift shop as scores of people — from doctors and lawyers to history buffs and aspiring treasure hunters — arrived to see, touch and buy pieces from the trove of shimmering realcs, gold doubloons, a 90-

pound (40-kilogram) bar of silver and other antiquities.

The more than 700 pieces — from hand-carved coral beads to rings of emerald and a crucifix of gold — represent a small fraction of the estimated \$400 million in treasure that was recovered from the wreckage of the Spanish galleon *Nuestra Señora de Atocha* after it was found on July 20, 1985. The flagship of a Spanish treasure fleet that ran into a hurricane after leaving Havana, the *Atocha* foundered on Sept. 6, 1622, killing 143 passengers and crew members and plunging its cargo of 29 tons of silver and 3,500 ounces of gold into an underwater grave.

The discovering of the *Atocha* and salvaging of its treasure were led by Mel Fisher, a veteran Florida treasure hunter, and lasted nearly two decades.

The pieces at the jewelry store — some simply on display but most for sale — belong to about 50 people, most of them members of the salvage crew. The average share of the bounty that many of these employees got was about one-tenth of 1

percent, which averaged about \$200,000. About a dozen long-time hands got 1 percent.

In many cases, these employees have tried to hold on to some of the treasure as keepsakes. But a lot of it has been sold in similar showings across the country as the crew members needed to convert the treasure into cash to support themselves.

As Debbie Brandon, who spent more than two years with the *Atocha* salvage crew, put it: "We really don't like to sell too much of it because it's like our children; we spent so much time looking for it. We only sell when we have to, like when we have big bills coming up."

As for the shoppers, a lot more seemed to be looking than buying. By Thursday evening, 18 coins had been sold.

"It's magnificent jewelry with so much mystery behind it," said Stephanie Ruskack of Eastchester, weighing the question of whether she should spend \$2,000 on a 17th-century silver coin. "There's an aura about the jewelry that makes you want to own one. But I'm going to think about it."



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INDIA*	000-117	SINGAPORE	800-011-111	CZECH REPUBLIC	80-420-0101	LIECHTENSTEIN*	155-00-011	SLOVAK REP.	00-420-00101	ISRAEL	177-100-2727	CANADA	1-800-573-2222	GABON*	000-001
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JAPAN*	000-111	TAIWAN*	0080-1028-0	FINLAND	0000-100-111	LUXEMBOURG	0-200-0111	SWEDEN*	020-785-011	LEBANON (BEIRUT)	424-001	COLOMBIA	000-111-0010	IVORY COAST*	00-11-111
KOREA	820-111	THAILAND*	0019-019-1111	FRANCE	180-0011	MALTA	0000-200-410	SWITZERLAND*	155-00-011	SAUDI ARABIA	1-800-0	EL SALVADOR*	000-11110	KENYA*	0000-10
MACAO	820-111			GERMANY	180-0011	NETHERLANDS*	00-0011	UKRAINE**	80100-011	TURKEY*	00-800-12277	HONDURAS*	123	LIBERIA	787-787
MALAYSIA*	800-0011	ARMENIA*	014411	GREECE*	00-800-1311			U ARAB EMIRATES*	0500-80-0011			MEXICO**	95-800-482-4240	SOUTH AFRICA	0-800-00-0123

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